

HUMAN RESOURCES DEVELOPMENT
IN INDONESIA:
POLICIES AND PRACTICES IN EAST JAVAN
MANUFACTURING INDUSTRY

by

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I hereby declare that this thesis
has been composed by myself

Budiman Christiananta

DEDICATED TO THE MEMORY
OF MY PARENTS

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ABSTRACT OF THESIS

In general, this thesis presents an attempt to investigate some policies and practices on human resources development in Indonesia, as exemplified by manufacturing industries in East Java. More specifically, this study is concerned with an investigation of the effectiveness of recruitment, training and remuneration policies as managerial means to control employees. Accordingly, a conceptual framework and a review of the literature on human resources management are presented as background to the examination of the problems in this study.

The major findings are summarized in the last chapter, with some of the side-line discussions omitted. It is found that the human resources management in Indonesia is paternalistic, reflecting the paternalistic nature of Indonesian society. Paternalism, which may exhibit features considered objectionable by Western modern management standards, appears to be compatible with the Indonesian condition and appropriate for the present stage of development of industrial (and business) enterprises in Indonesia.

Labour entry appears to be largely informal and hiring policy tends to be nepotistic. Besides, efforts seem to be made to recruit compliant unskilled workers. Such factors indicate a managerial strategy to direct hiring policy as a means to effectively control employees.

Most companies have not yet developed sufficiently well-organized training programs and evaluation techniques, to ascertain whether they are getting full value from their training investment.

In general, employees give high priority to factors belonging to lower ranks of Maslow's need-hierarchy, implying that financial rewards could be a potent managerial device to control labour. Earnings function analysis discloses that remuneration appears to be related to length of service, age and education. As these three factors are generally accepted as proxies for productivity, in so far as labour control is concerned, the remuneration policy appears to be a strong managerial instrument.

In the last part of the final chapter, some policy implications are presented.

TABLE OF CONTENTS

	<u>Page:</u>
ACKNOWLEDGEMENTS	i
ABSTRACT OF THESIS	iii
TABLE OF CONTENTS	v
LIST OF TABLES	viii
LIST OF FIGURES	x
CHAPTER ONE: INTRODUCTION	1
1.1 Background to the Study	1
1.2 Main Features of the Indonesian Economy	4
1.2.1 Economy	5
1.2.2 Structure of Production	8
1.2.3 Manufacturing Industry	9
1.2.4 Labour Force	11
1.3 Labour Organization and the Government's Role	14
1.3.1 Dispute Settlement Machineries	18
1.3.2 Pancasila Labour Relations	20
1.4 Objective and Scope of the Study	21
1.5 Terminology	23
1.6 Methodology	24
1.7 Questionnaires	28
1.8 Plan of the Study	29
 CHAPTER TWO: A CONCEPTUAL FRAMEWORK	 34
2.1 Socio-cultural Background	36
2.2 Paternalistic Management Style	43
2.3 Patrimonial Business Organization	53
2.4 Problems of Labour Control	57
2.5 Types of Labour Control Strategies	61
2.5.1 Edwards' Technical vs. Bureaucratic Control	63
2.5.2 Friedman's Direct Control vs. Responsible Autonomy	66
2.5.3 Braverman on Taylorism	69
 CHAPTER THREE: HUMAN RESOURCES DEVELOPMENT POLICIES AND THE HYPOTHESES OF THE STUDY	 77
3.1 Recruitment	77
3.2 Selection	82
3.3 Training	86
3.4 Training Evaluation	92
3.5 Job Satisfaction	96
3.6 Financial Rewards	103
3.7 Benefits and Services	109
3.8 Payment Systems and the Concept of Equity	113
 CHAPTER FOUR: THE COMPANIES	 121
4.1 General	121
4.2 Brief Characteristics of the Companies	127
4.3 Human Resources	135

CHAPTER FIVE: THE WORKERS	143
5.1 Age, Marital Status, Children and Household-size	143
5.2 Father's Occupation	147
5.3 Migration	153
5.4 Attachment to Place of Origin	162
5.5 Purpose of Visit	164
5.6 Remittances	165
CHAPTER SIX: RECRUITMENT, SELECTION AND TRAINING	173
6.1 Recruitment	173
6.2 Selection Methods	179
6.3 Selection Criteria	182
6.4 Training	185
6.4.1 Training Evaluation	186
6.4.2 Training, Labour Absenteeism and Labour Turnover	188
CHAPTER SEVEN: JOB SATISFACTION	194
7.1 Job Satisfaction	195
7.2 Need Priorities at Work	201
7.3 Labour Absenteeism and Labour Turnover	209
CHAPTER EIGHT: REMUNERATION, BENEFITS AND SERVICES	216
8.1 Wages and Salaries	217
8.2 Wages, Labour Absenteeism and Labour Turnover	221
8.3 Benefits and Services	223
8.4 Extra Income	226
CHAPTER NINE: EARNINGS FUNCTION ANALYSIS	238
9.1 Age-earnings Profiles	239
9.2 Earnings Function Analysis	244
CHAPTER TEN: FOREIGN VERSUS DOMESTIC COMPANIES	263
10.1 General	263
10.2 Assessment of the Degree of Foreign Company Domination over Capital and Managerial Structures of Its Affiliates .	267
10.3 Joint Venture Arrangements	268
10.4 Assessment of the Degree of Foreign Investment's Contribution to Indonesia's Employment Problem	272
10.5 Comparison Between Foreign and Domestic Companies on Hiring Policy	276
10.6 Comparison Between Foreign and Domestic Companies on Training Programs	277
10.7 Comparison Between Foreign and Domestic Companies on Remuneration Policy	279

CHAPTER ELEVEN: SUMMARY AND CONCLUSIONS	289
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APPENDICES:

APPENDIX A : Statistical Tables	299
APPENDIX B1 : Employee Questionnaire in Indonesian	346
APPENDIX B2 : Employee Questionnaire in English	362
APPENDIX B3 : Company Questionnaire in Indonesian	378
APPENDIX B4 : Company Questionnaire in English	393
APPENDIX C : Pancasila Labour Relations	409

BIBLIOGRAPHY	416
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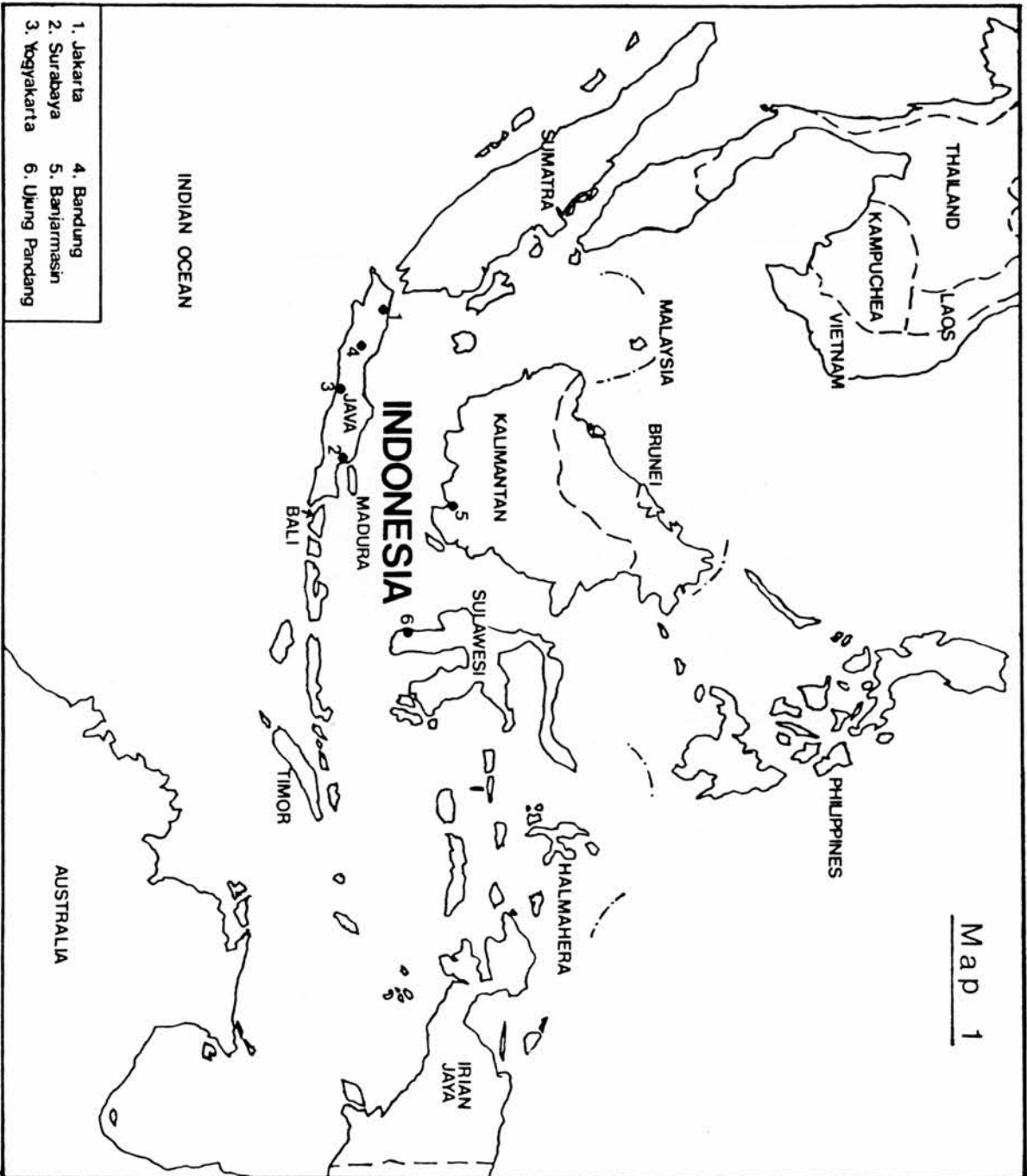
LIST OF TABLES

<u>Table:</u>	<u>Page:</u>
1.1 Gross Domestic Product by Industry Sector	8
1.2 Output in Principal Manufacturing Products	10
1.3 Unemployment Rates of Labour Force, 1976	13
4.1 Distribution of Respondents by Company and Position	121
4.2 Some Brief Characteristics of the Companies	122
4.3 Age of Companies by Average Age of Workers	123
4.4 Distribution of Ethnic Group by Company	135
4.5 Distribution of Javanese by Position and Company	136
4.6 Distribution of Indonesian Chinese by Position and Company	136
4.7 Distribution of Place Where Workers were Born by Company	137
4.8 Distribution of Worker's Home Distance from Company	138
5.1 Distribution of Marital Status by Age-group of Javanese and Indonesian Chinese	144
5.2 Children Number and Households size of Javanese and Indonesian Chinese Workers	146
5.3 Father's Occupation by Worker's Educational Attainment ..	149
5.4 Father's Occupation by Worker's Position	152
5.5 Causative Factors of Migration by Ethnic Group	158
5.6 Migration Causative Factors by Position of Workers	161
5.7 Frequency of Visits by Migrant Workers	163
6.1 Distribution of Recruitment Channels by Company	174
6.2 Distribution of Recruitment Channels by Position	176
6.3 Distribution of Selection Methods by Position	181
7.1 The Distance of Employee's Home from Job Site, Extra Job and Degree of Socializing	207
7.2 Distribution of Labour Absenteeism by Company	210
7.3 Rate of Labour Turnover by Company	213
8.1 Lowest Absolute Wages for K ₀ to K ₃ in Each Company and the MPN in Each Category	220
8.2 Type of Facilitative Welfare Services in Each Company ...	226
8.3 Percentage of Employees in Each Position Who Have a Second Job	227

8.4	Type of Extra Job Held by the Employees	229
8.5	Comparison of Extra Income and Wages by Position	230
8.6	Comparison of Employee's with Wife's Income	233
9.1	Regression Coefficients in Earnings Function	247
9.2	Coefficients on Education in Earnings Function, Sample Stratified by Total Experience	252
9.3	Coefficients on Employment Experience in Earnings Function, Sample Stratified by Education	253
9.4	Average Years of Education for Each Position by Different Length of Employment Experience	258
10.1	Approved Domestic and Foreign Investment by Industrial Sector (1967 - 1982)	265
10.2	Percentage Difference in Wages and Salaries of Foreign over National Firms in Jakarta, 1972	281
10.3	Regression Coefficients in Earnings Function (Joint Venture and Domestic Companies)	282

LIST OF FIGURES

<u>Figure:</u>	<u>Page:</u>
3.1 Flow Chart of Selection Process	84
9.1 Unadjusted Age - Earnings Profiles	243



EAST JAVA

Java Sea

MADURA

SURABAYA

SIDHARJO

MOJOKERTO

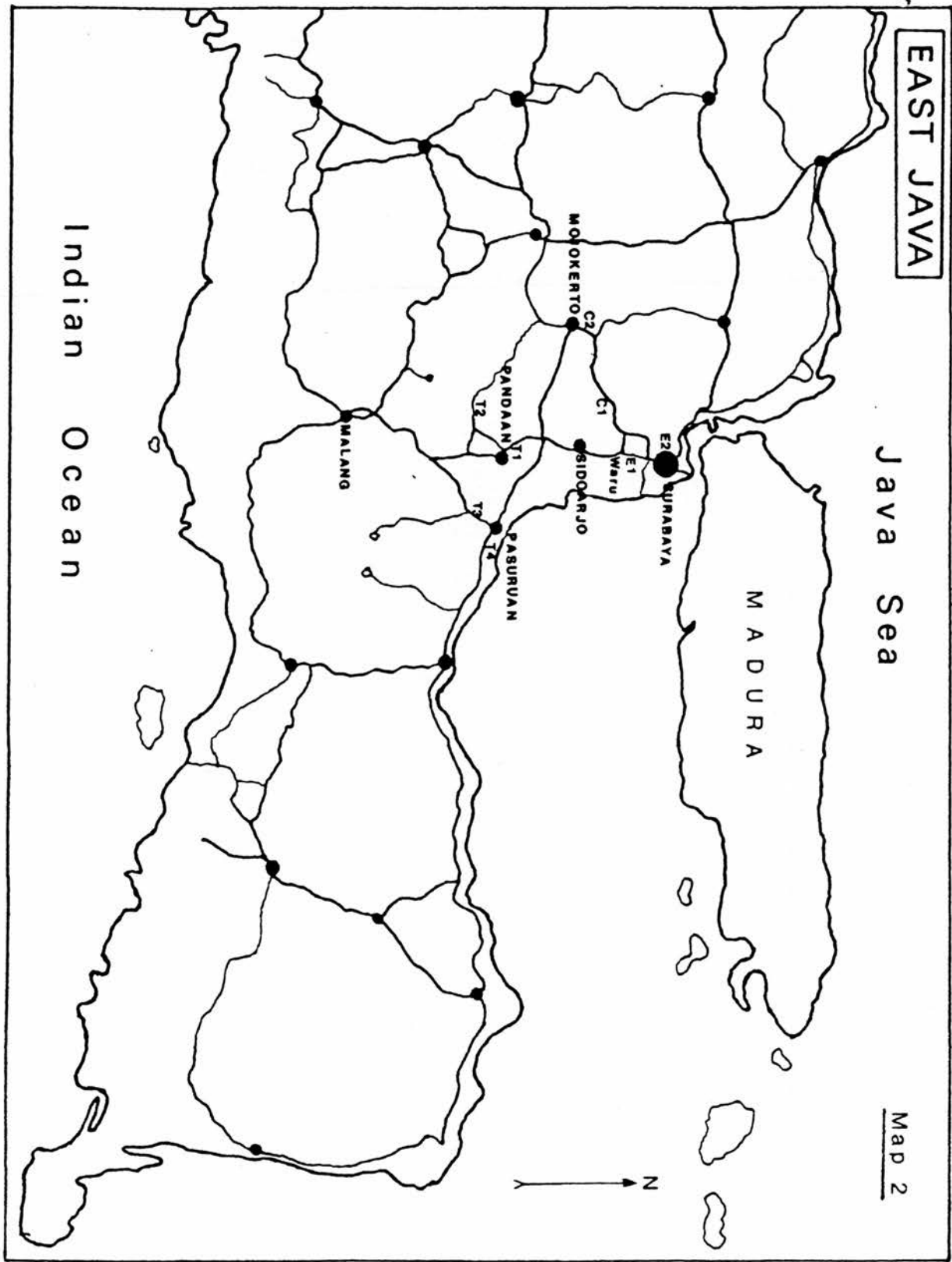
PASURUAN

PANDAN

MALANG

Indian Ocean

Map 2



CHAPTER 1

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

From the debris of economic catastrophe which culminated in the 1965 abortive Communist coup d'etat, the "New Order" government of Indonesia began to rehabilitate the economy through a series of stabilization and rehabilitation programs aimed at restoring the internal and external viability of the country.

In 1966, the People's Consultative Assembly (MPR) enacted a decree, known as the Renewal of Basic Economic, Finance and Development Policy. Subsequently, in 1973 and 1978 came decrees known as the Basic Guidelines of State Policy (GBHN), which are the bases for the formulation of the consecutive Five Year Plans (REPELITA). One of the general long-term objectives is to bring about a fundamental change in the present economic development structure so as to increase the share of national production outside the agricultural sector, whereby industry becomes the backbone of the economy. To pave the way to this objective, the government issued Foreign Capital Investment Law in 1967, and Domestic Capital Investment Law in 1968. Since the enforcement of these investment laws and other related development programs, a trend towards gradual industrial growth has been witnessed.

After a decade or so, the share of agricultural sector in GDP (at constant 1973 market prices) has contracted from 46.9 per cent in 1969 to 29.8 per cent in 1982. In part, this change reflects the growth in the manufacturing sector, whose share has almost doubled, from 8.3 per cent to 15.4 per cent. However, banking and finance, transport and communication, and construction have also been growing fast. (See Table A.1a to Table A.3, Append. A.).

In line with the proportional change of each sector in its contribution to GDP, there have also been some changes in the structure of employment. Some idea of the growing scale of non-agricultural activities can be observed from the patterns of change of sectoral employment, recorded in Table A.4. During 1971 - 1980, the major shift in sectoral shares of employment has been a decline from 63.2 per cent to 54.8 per cent in the agricultural sector, accompanied by an increase of employment share in manufacturing, construction, trade, finance and service sectors. In the manufacturing sector, the change of employment share was not obvious, i.e. only one per cent; in terms of absolute numbers, however, it shows an increase from 2.9 million in 1971 to 4.4 million labourers in 1980, with an average yearly increase of 4.1 per cent (Table A.4).

The growth of the industrial sector with its backward and forward linkages has generated a significant demand for manpower. Crucial to this are the problems of human resources development. In particular, problems concerning the control, motivation and welfare

of the labour force, which, to a large extent rest upon the human resources development policies and practices carried out by the employers. The present study is largely concerned with this particular domain.

Such an area of study proves interesting and challenging because Indonesian employers have for a long time been involved in dealing with human resources management, yet there is still an apparent lack of studies in this particular area.

The Justification of East Java as Study Area

There are several reasons why East Java is a valid site for our study. In terms of labour force, East Java holds not less than 22 per cent of the total Indonesian labour, apparently the highest of all the provinces in Indonesia. East Java is the second largest industrial and commercial province and holds by far the highest overall contribution to total GDP. This is also true of its contribution to the manufacturing sector. In 1982, its contribution to GDP at current market prices accounted for 14 per cent of total GDP. In the manufacturing sector, the regional GDP accounted for 16.7 per cent of that at national level.⁽¹⁾

In terms of direct foreign investment, East Java stands at the fourth rank and in domestic capital investment stands third. Considering its significant place in the national economy, East Java appears to be a suitable area to do research on human resources development.

1.2 Main Features of the Indonesian Economy

Located between Malaysia and the Philippines to the north and Australia to the south, Indonesia forms part of the world's largest archipelago, stretching at its furthest points, for 3,175 miles from west to east and 1,173 miles from north to south. The total land area is estimated at 741,000 square miles or 1.9 million square km. (See Map 1). Its geographical position bridges the Pacific and Indian Oceans and thus functions as a highway between the continent of Asia and Australia. This gives the country a predominant role in Southeast Asia from a political as well as an economic point of view. Aside from oil, and natural gas, it also possesses substantial deposits of tin, bauxite, copper, coal and nickel; moreover, vast tracks of territory remain unexplored. Overlying these deposits are vast areas of tropical hardwood.

According to a 1980 Census, the total population of Indonesia was 147.5 million, of which East Java shared 29.2 million or 19.8 per cent. Average annual growth rate is running at an estimated 2.3 per cent, down from a rate of nearly 3 per cent in the early 1970's. Some 40 per cent of the population were under 15 years of age and up to 60 per cent under 25 years. The population is very unevenly distributed. The island of Java, which covers an area of less than 7 per cent of the total land area, was inhabited by 91.3 million people or approximately 62 per cent.⁽²⁾ In 1980, some 77.6 per cent of the population lived in rural areas. A gradual shift, however, has been witnessed within the last decade. In 1971 (Census), 82.6

per cent of the people lived in rural areas, whereas in 1974 (estimates), it contracted to 81.8 per cent, and in 1980 (Census) the number dropped to 77.6 per cent.

1.2.1 Economy

The Indonesian economy had developed relatively well over the past decade, with annual growth of the GDP measured at constant 1973 market prices, averaging 7.9 per cent between 1971 and 1981.⁽³⁾ The buoyancy of the Indonesian economy up to 1980 owed much to the overriding importance of oil and natural gas, aside from the increase in other industrial sectors.

The steep rise in oil prices in 1974 and again in 1979 - 1980 greatly enhanced the growth of Indonesia's economy and at the same time the increase of income per capita as shown in the following table.

GDP and Per Capita Income Growth (1971 - 1982)

<u>Year</u>	<u>GDP% increase (a)</u>	<u>Per Capita Income (U.S\$) (b)</u>
1971	7.0	80
1972	9.4	90
1973	11.3	100
1974	7.6	170
1975	5.0	220
1976	6.9	240
1977	8.9	300
1978	7.7	360
1979	6.3	370
1980	9.9	430
1981	7.9	542
1982	2.2	580

Sources: (a) Dept. of Finance, Financial Report and State Budget '83/'84.

(b) World Bank, World Development Reports (1971 to 1982)

Note: GDP was measured at constant 1973 market prices.

With a per capita GNP of U.S.\$430 in 1980, Indonesia has been brought to the category of a "middle income developing country" by the World Bank's standard of measurement. A word of caution has to be mentioned in this particular case, because GNP is at national level and GNP per capita is a calculated mean. These measures conceal numerous differences between individuals, between groups

within the total population and between geographical areas within the country.

In contrast to the remarkable growth in the preceding years, 1982 saw a sharp downturn in Indonesia's economic growth rate to 2.2 per cent, largely caused by the cut in OPEC prices and output. This was compounded by a 30 per cent fall in the value of LNG and the slowdown of other non-oil exports, reflecting the world recession. The drop in oil prices and the slowdown of economic activity on the whole, has led to a sharp fall in reserves between 1981 and 1982. This in turn prompted a 27.5 per cent devaluation of the rupiah in March 1983 and a sharp cutback and postponement of development projects. By these means, coupled with an austere budget, the government succeeded in pushing the growth rate to 4.2 per cent in 1983. The slightly improved economic performance of 1983 put Indonesia on a firmer footing for the start of the Fourth Five Year Plan, the REPELITA IV (1984/1985 - 1988/1989). The government has taken a more cautious approach than the last REPELITA III. It will aim for a 5 per cent annual growth rate, with industry averaging 9.5 per cent growth and agriculture 3 per cent. A thorough restructuring of Indonesia's economy away from oil dependency towards agriculture and manufacturing is seen as the long-term solution to the country's two pressing problems of low-income and unemployment.

1.2.2. Structure of Production

In common with most other developing countries, agriculture remains the dominant sector of the Indonesian economy, although its share of production has contracted from 46.9 per cent of GDP in 1969 to 29.8 per cent in 1982. Partly, this change reflects the growth of manufacturing, which has increased from 8.3 per cent in 1969 to 15.4 per cent in 1982.

Table 1.1

Gross Domestic Product by Industry Sector (%)

Industry sector	year	
	1969	1982
Agriculture, etc.	46.9	29.8
Mining & Quarrying	9.4	7.6
Manufacturing	8.3	15.4
Electricity, Gas, Water	0.4	0.9
Construction	2.4	6.1
Transport & Communication	3.3	5.8
Trade, Finance & Services	29.3	34.4
Total	100.0	100.0

Source: Taken from Table A.2.

Note: Excluding oil products.

In contrast, the share of mining, has actually declined since 1978, with output falling by 12.1 per cent in 1982. Construction, transport and communication, finance and banking, have shown a fast growth, with greater impact on employment. (See Table A.3 for details.)

1.2.3 Manufacturing Industry

Despite the downturn in the economy in 1982, the manufacturing sector continued to grow with value added 1.2 per cent above the previous year.

Prior to 1976, Indonesia's industrial base was narrow, with consumer goods accounting for the bulk of industrial output. Since 1976, government policy has been aimed at diversifying the country's industrial structure. Priority has been given to the development of intermediate and some heavy industry. The subsequent growth in the petro-chemical fertilizer, basic metal, cement, paper and wood processing industries has been responsible for much of the growth of the manufacturing sector in recent years. Other major industries include food, beverages, tobacco products and textiles and garments, although the latter has fallen significantly since 1981/1982 due to the slackening of the domestic market and illegal textile imports.

Table 1.2Output in Principal Manufacturing Products (in thousand units)

Product	1980/'81	1981/'82	1982/'83	1983/'84
Textile (metres)	2,027,300	2,094,000	1,708,800	1,564,000
Automobiles (units)	170	210	255	156
Radios (units)	1,110	1,155	1,590	1,228
T.V. Sets (units)	730	847	653	623
Urea Fertilizer (tons)	2,165	2,202	2,130	2,205
Cement (tons)	5,852	6,844	7,650	8,078
Paper (tons)	232	247	297	313

Source: Bank Indonesia Reports (1980 to 1984)

Note: The figures for 1983/'84 are provisional.

Indonesia's decision to postpone or scale-down some 47 major public sector projects, estimated to be worth around U.S.\$ 14 billion, in order to conserve foreign exchange in 1983, has adversely affected many contractors, particularly those involved in the petrochemical sector. A U.S.\$ 1.6 billion olefins complex has been cancelled and an aromatic centre and the Musi oil refinery in Sumatra postponed until better times.⁽⁴⁾ Official pressure to switch from exporting logs to processed wood has led to a proliferation of plywood factories in a relatively short space of time.

1.2.4 Labour Force

According to 1980 Census, the total labour force in Indonesia was 51.2 million, of which East Java province shared 11.4 million or 22 per cent. Characterizing an agricultural country, the agricultural sector remains by far the most important source of employment, occupying some 55 per cent of the labour force. Although open unemployment was officially declared to be only 3 per cent of the total labour force, this number does not indicate the real unemployment problem.

In Western developed countries, where welfare state principles come to be generally accepted, the unemployed are registered at labour exchanges or job centres as "seeking work" and, subject to certain eligibility criteria, are provided by the state with a minimum income in the form of unemployment benefit. Thus, the unemployment rate is more accurately recorded. This is much less true in Indonesia. Only a small proportion of the labour force is employed on wages and salaries. Moreover, in the absence of unemployment benefit schemes, no one can afford to remain unemployed. Unless a person can find someone else to provide at least minimum subsistence, he or she must undertake some economic activity, however intermittent and ill-paid. These people are not counted as "unemployed" because in one way or another, they have some work to do, however low the productivity is. Under-employment or disguised unemployment would be a better unemployment measure. The 1980 Census revealed that around 17.5 million people work fewer than 14

hours a week and about 5 million worked fewer than 5 hours a week, which is equivalent to unemployment of about 9 million people or 17.5 per cent of total labour force. Adding this to the open unemployment number, the unemployment rate amounted to 20.5 per cent of the total labour force. This high unemployment rate, together with the estimated labour force annual growth rate of 2 to 3 per cent, have been considered a pressing problem.

The following data illustrate the pattern of unemployment.

The 1976 Intercensal Population Survey conducted by the Central Bureau of Statistics revealed that the pattern of unemployment was higher in urban than in rural areas and it was highly concentrated among young people, as shown in Table 1.3.

Table 1.3

<u>Unemployment Rates of Labour Force, 1976</u>		
(% of Labour Force)		
Category	Urban	Rural
<u>Male:</u>	<u>6.9</u>	<u>1.9</u>
young (10 - 24)	21.1	5.4
older	2.0	0.5
 <u>Female:</u>	 <u>5.1</u>	 <u>1.1</u>
young (10 - 24)	12.6	3.1
older	1.3	0.3
 <u>Both Sexes:</u>	 <u>6.3</u>	 <u>1.6</u>
young (10 - 24)	18.1	4.6
older	1.8	0.4

Source: Intercensal Population Survey, 1976

The 1976 Intercensal Population Survey also disclosed that rates of unemployment increased with the level of education up to about the upper secondary school (Table A.7). The distribution of educational attainment among the labour force, as displayed in Table A.8, shows clearly that the greater part are poorly educated. Some 88.2 per cent had education only up to primary school level, while only 0.86 per cent had education up to university level. As to the distribution of age among the labour force, some 41 per cent were below 30 years of age, and up to 52 per cent were below 35. (Table A.9).

In general, the predominant features of the Indonesian labour force are youth and poor education.

1.3 Labour Organization and the Government's Role.

The history of labour unions in Indonesia can be divided into three major periods: colonial, "Old Order" (1945 - 1966), and "New Order" (1966 onwards). A notable characteristic of the Indonesian labour unions during the colonial and the "Old Order" Administration period is their orientation toward national political parties. The struggle for independence was itself associated in many ways with the nationalist movement and mobilization of organized labour to oppose colonial rule. Therefore, when independence was achieved, the new republic tended to encourage labour unions. Soon there was a rapid emergence of new labour unions aside from the consolidating pre-war remnants. Just as political parties after independence could be divided along ideological lines into four major categories - nationalist, religious, socialist, and communist - so the unions were subject to the same forces. Competition among the aspiring political parties to capture labour support resulted in labour politicization. Many of the union were actually functioning as the labour arm of a political party in the struggle for their political goals.

Political unionism also derived in part from the typically weak economic bargaining positions of unions in the context of labour surpluses and economic stagnation. This encouraged unions to turn

to political parties for protection against employers, and more generally to pursue bargaining goals through the intervention and pressure of the political parties. Thus, the unions and the political parties shared mutual interests.

A similar pattern of labour politicization was noted by Deyo in the South Asian countries of Pakistan, India and Ceylon, where competing political parties sought to mobilize political support among labour groups.⁽⁵⁾ Hawkins noted that by 1957 in Indonesia there were at least 12 labour federations, in addition to a number of regional and local groups and a large number of unaffiliated independent unions.⁽⁶⁾

By the end of 1957, labour unrest started to grow, got worse (See Table A.10 for work stoppages, etc.), and culminated in the arbitrary seizure of Dutch enterprises and plantations by their workers. Soon the government stepped in to prevent further disorder. A number of unions called for the Dutch businesses in Indonesia to be run by workers' councils, but the government did not accede to this, nor did it place the enterprises under private Indonesian management. Instead, the Dutch enterprises were put under government control, initially under the management of the army, which had already stepped in to wrest control from the unions.

In this manner, as Hawkins pointed out, three important developments were introduced: the replacement of foreign by Indonesian management, the substitution of state for private control, and the

assumption by the military of a major role in all managerial affairs, including the field of labour relations.(7) The old Emergency Law no. 16/1951 was re-activated. In brief, the law states that national development requires the guarantee of peace and order. It was therefore necessary to issue a strike prohibition as well as a regulation which allowed labour disputes to be resolved in such a way that peace and order would not be disturbed.(8)

Nationalization was soon spread to other foreign enterprises, but the military position in the management of nationalized enterprises was later gradually transferred to the state-enterprise council.

In an atmosphere of growing resentment against western "neo-colonialism and neo-imperialism", the Indonesian economy was essentially a closed system with practically no new foreign investment being committed. The economy was so plagued by an excess of regulations and restrictions that all initiative along conventional business lines was effectively paralyzed. This resulted in an economic chaos, which must be seen to have its place as a significant contributing factor explaining the end of the old regime.

Not long after the "New Order" government took office, the Communist Party (PKI), which engineered the abortive 1965 coup d'etat, and the affiliated labour union (SOBSI), were banned. The new government then undertook the task of re-habilitating the crumbling economy through a series of stabilization programs followed by successive

five-year plans, aimed at pursuing industrialization. For this purpose, Foreign Capital Investment Law was enforced in 1967 and Domestic Capital Investment Law in 1968. Meanwhile, the nationalized foreign enterprises were gradually returned to their owners, or converted joint ventures with the government or a national company as a partner. There is no doubt that political, social and economic stability are necessary for a climate which stimulates investment and in which industrial peace is a significant factor.

Therefore, closely related to the increase of government role in economic planning and development, has been the important role of government in industrial relations. The organizational power of the unions was typically weak. However, the importance of unions in such key economic sectors as transportation and modern industry means that politicized unions may disturb the political and economic stability sought by the new Administration. Realizing that the politicization of labour unions in the past clearly helped to inflame labour unrest and disturb economic and political stability, the present government decided to adopt a "bureaucratic-authoritarian corporatism", which is, according to Deyo, "a situation in which the government controls over trade-unions without their inclusion in decision making".⁽⁹⁾

According to Galenson, bureaucratic authoritarian corporatist labour policies adopted by many developing countries are based on the principle that the interests of the state, as a representative of

national interests, take precedence over the interests of labour or other special interest groups. In this sense, corporatism implies depoliticization of organized labour with respect to government policies. Thus, government sanctioned unions are drawn into officially recognized federation structures, labour-management conflict and labour strikes are repressed, machinery to guide the settlement of disputes is established, and there is strong assertion of the priority of national development goals over sectional economic interests. Any questioning of national development goals or the policies through which the government pursues them is considered socially irresponsible.⁽¹⁰⁾ The first step towards implementing the corporatist policy was unification of the existing trade unions into one single union recognized by the Indonesian government. Through guidelines and directives from the Department of Manpower, all of the then existing unions had declared their unification in February 1973 into one central labour organization, the FBSI (All Indonesia Labour Federation).⁽¹¹⁾ As one might expect, FBSI was dependent upon the government which had sponsored its formation, provided a substantial amount of its operating cost, and, even accommodated most of the FBSI offices in government buildings.⁽¹²⁾

1.3.1 Dispute Settlement Machineries

In accordance with the corporatist policy, the government has a substantial role in the settlement of labour-management disputes. Basically the administration of labour disputes in Indonesia is

handled at three levels: local, regional and national. The machinery for the settlement of labour disputes is set out in Law 22/1957 (replacing the old Emergency Act no. 16/1951). This law is based upon the principle that the settlement of disputes should be through negotiations. If the negotiations between the union and the management do not result in a settlement, the case can be submitted to an arbitrator or arbitration board mutually agreed upon by the disputing parties. However, if the parties do not wish to submit their disputes to arbitration, they are obliged to accept conciliation. If the disputes cannot be settled through conciliation, the case shall be submitted to the Regional Committee for Labour Disputes Settlement (P4D), which can give either a recommendation or a binding decision. Appeal may be made against the decision to the Central Committee (P4P) except when the decision concerns matters of a specifically local character. The decree of the Central Committee is binding. However, in exceptional cases, i.e. where maintenance of public order or protection of the interest of the State is involved, the Ministry of Manpower is empowered to nullify or postpone the execution of the decision of the Central Committee (P4P).

The Regional Committee (P4D) consists of a tripartite divisions of representatives: five government officials, five persons from labour circle and five persons from employer side, appointed by the Ministry of Manpower.

The Central Committee has the same composition, but its members are

appointed by a Presidential Decree.⁽¹³⁾ This machinery requires that workers (unions) and employers first deliberate in good faith on their disputes. This proved difficult to realize. Government intervention is still necessary in order to foster economic growth and stability in Indonesian development planning. This apparently reflects the characteristics of corporatism.

1.3.2 Pancasila Labour Relations

The Indonesian government has taken an initiative to encourage the Indonesian business society together with the labour federation (FBSI), assisted by social scientists and directed by government officials, to formulate a personal management concept suited to the Indonesian national philosophy. For this purpose, in December 1974, the government sponsored a national seminar. This seminar produced the concept of Hubungan Perburuhan Pancasila (Pancasila Labour Relation), or HPP, in short.⁽¹⁴⁾ HPP is supposed to be spiritually based on kekeluargaan ("familyism"), a reflection of Article 33 of the 1945 Constitution of the Republic of Indonesia which states that "the economy shall be organized as a common endeavour based upon the principle of family spirit." In brief, the concept specified that HPP embraces Tri Dharma (Three Tasks), which creates between the workers, employers and the government, a sense of co-ownership (rumongso handarbeni), a sense of co-responsibility (melu hangrukebi) and continuous introspection (mulat sariro hangroso wani).

As regards more particularly the relationship between workers and employers, there is to be such a level of mutual respect between them; the ethic is one of cooperation and harmony between partners - partners in production, partners in profit sharing and partners in responsibility. In this light, it is hoped that a spirit of confrontation between labour and management can be avoided. However HPP as it now stands, is still a general concept; an ideal concept with ideal objectives. It does not spell out in detail the technical methods and procedures which should be employed, thus it is prone to subjective interpretations. Furthermore, HPP has never been incorporated in legislation. Whereas HPP remains voluntary for employers who are free to disregard it, domestic critics have argued that "HPP has been used (by the employers) as a stick to beat the workers". Whether HPP in the near future can be implemented efficiently for the benefit of all parties, remains to be seen. To close this section, it is worth mentioning that to avoid the antagonistic attitude between labour union and management, it is common practice for employers to "plant" their men in the labour union board.

Henley found a similar practice in Malaysia and Kenya where patronage of trade union officials by companies is commonplace. (15)

1.4 Objective and Scope of the Study

The main objective of this study is to investigate some policies and practices on human resources development in Indonesia,

as exemplified by our sample. The sample consists of 4 joint-ventures and 4 domestic companies in East Java. In particular, this will include the assessment of policies concerned with recruitment, selection, training, remuneration, benefits and services. The perception and response of the workers towards employer's policies will also be examined, particularly in the area of job satisfaction, labour turnover and labour absenteeism. This is important because the relationship between employer and employee is a two-way process in that the employer obtains the possible benefit from the work rendered by the employee in return for the material and other rewards given by the employer.

Attention will also be given to the personal variables of the employee, such as: age, marital status, education, family size, father's occupation, etc. Attachment to home-town, remittances, etc., will also be examined. These variables may have significant influence on worker's orientation to work and perception of the management's policies. They are also the reflection of the social and economic life of the workers.

The impact of education and length of employment experience to worker's earnings will be analyzed by using Earnings Function Analysis.

Lastly, a brief comparison of management policies carried out by the joint-ventures and that by the domestic companies will be made, to see the differences and similarities. The study will end with a brief summary and conclusions.

1.5 Terminology

For the sake of simplicity, the term "employee" and "worker" are being used synonymously throughout this study, referring to any employed person, whether paid by wage or salary. When it is necessary to indicate functional or hierarchical differences, the terms top-management, mid-management, clerical/administrative staff, supervisor/foreman and unskilled/manual worker, will be used separately.

Top and mid-management belong to the "central" department of the company or head of major department with managerial and executive function. Clerical/administrative staff belong to the "staff" of the company, usually attached to the administrative department. Book-keepers and typist are included in this category. In a sense they are "para-hierarchy". This does not mean that they do not belong to a hierarchy, but in the overall structure of the company they are "service workers", and not in line with the production organization. Supervisor/foreman is a chief or immediate superior of the unskilled/manual workers.

Unskilled/manual worker is the lowest category of the occupational hierarchy in the company.

The term "wage" in this study will be used as a general term and will include salary, except where it is desired to highlight salary in its more specific context.

1.6 Methodology

The research for this study was based on an interview of 400 employees taken from eight different manufacturing companies in East Java, supplemented with internal data from the companies, external data from government offices and other publications.

After careful consideration, it was decided to include textile, chemical and electronic industries in our study. The consideration was mainly based on the fact that these are major industries in the manufacturing sector in terms of capital investment and number of employees. Up to 1980, the cumulative direct foreign investment in these three industries in East Java accounted for 57.9 per cent of the total foreign investment in manufacturing, and has absorbed not less than 51.6 per cent of labour in that particular sector. (Table A.49)

The corresponding numbers for domestic investment are 39 and 28.7 per cent. (Table A.51)

Taking account of time and funds constraints, eight different companies were chosen, and from these, 400 employees were taken as respondents with the following criteria and justification.

- (1) the company should have at least 500 employees and capital investment of at least Rp. 2.5 billion. Companies in this category are expected to have developed reasonably complex "modern" management structures.

- (2) the company should be at least five years old. In this category, companies are assumed to be relatively well-established and to have ample experience in developing personnel management.
- (3) the companies taken should consist of matched-pairs: joint venture and domestic, so that comparison could be made when necessary.
- (4) the location of the companies should be reasonably spread throughout East Java so as to reflect the locational distribution of manufacturing companies in East Java, stretching from the city of Surabaya to rural areas.
- (5) the respondent should have at least one year of service in the company concerned so that reasonably substantial information could be obtained.

At this stage, some practical difficulties arose when permission from our intended companies was not readily granted. A good deal of time had to be spent to convince managers of the importance of the study and the confidential and "neutral" nature of the work. The reluctance to give permission could be explained by the lack of precedents for this kind of survey, the fear that the data would be used against their companies, and the need to expend time and energy for the interview and in completing the questionnaires. Five companies eventually refused to give permission and substitutes had to be found.

Finally, the following companies were chosen. The name of each

company is coded in alpha-numeric symbols to keep a measure of confidentiality, as agreed by the managers and the writer.

- T1: Textile company, domestic.
- T2: Textile company, joint venture with Hongkong.
- T3: Textile company, state-owned.
- T4: Textile company, joint venture with British.
- C1: Chemical company, domestic.
- C2: Chemical company, joint venture with Japan.
- E1: Electronic company, domestic.
- E2: Electronic company, joint venture with Dutch.

The locations of the companies stretch from Surabaya city to as far as 75 Km. southward. (See Map 2 and Table 3.2). A sample of 50 employees from each company was taken at random from all hierarchical levels in different departments using the principle of purposeful probability stratified (random) sampling.

The length of time given to conduct the field research was 10 months in total. This includes preliminary preparations such as reproducing the questionnaires, contacting the companies, conducting pilot interviews, applying for research permits from local government offices, collecting secondary data, and some other administrative matters. The first two months were mostly spent in such preparations, including familiarization with each factory. The actual field research took place between September 1982 and April 1983. To gain cooperative responses from the respondents, the

managers were asked to announce the interviews and encourage cooperation.

The interviews were done entirely by the writer himself. For the secondary statistical data from government offices, the writer owes a great deal to a retired staff member of the Department of Industry Regional Office.

On average, the interview for each respondent took one hour or so. The questionnaire is in bahasa Indonesia, the Indonesian national language and was read in front of the respondent during the interview. To a few respondents some of the questions had to be explained in Javanese language. At the end of the interview, a key chain bearing the symbol of Airlangga University was given to the respondent. A small Airlangga banner and a plaque were also given to each company as an expression of gratitude. Some companies provided a room for the interview, in some other companies, however, the interview took place in the cafeteria or in a passage-way adjacent to the shop-floor. Several informal discussions with managers and some respondents were held whenever time and opportunity permitted. Some useful insights were gained into the problems under consideration from such meetings.

The companies' locations ranged from 15 minutes to one and a half hours drive from Surabaya city. One company is located within Surabaya city.

In order to save time and meet the times specified by the managers, interviews were occasionally conducted in one company in the morning and in another in the afternoon. As a whole, the interviews received encouraging cooperation and progressed in a courteous and friendly way.

In the evenings the questionnaires were reviewed to check whether the answers were complete and consistent. When omissions or doubtful answers were found, re-interview schedule had to be arranged or a respondent substitution had to be made. Fortunately, only a few re-interviews were required.

The data collected from the employee questionnaires were processed for analyses on the Edinburgh Multi Access System (ICL 2900) using Statistical Package for the Social Sciences (SPSS, 1980), particularly in the area of Frequency distribution, Crosstabulation, Bi-variate correlation, Multiple Correlation and Regression, and Analysis of Variance (ANOVA).

1.7 Questionnaires

Two types of questionnaire were used, namely questionnaires for the companies (hereafter we refer to as "company questionnaires"), and those for the employees (which we refer to as "employee questionnaires"). The original questionnaires in bahasa Indonesia as well as the English translation appear in Appendix B. The company questionnaire is for the company to fill in. This

particular questionnaire is designed to elicit information about general profiles of the company and various aspects of personnel policies and practices such as company location, age, ownership, capital investment, recruitment, training, labour turnover and absenteeism record, remuneration, etc. Some data supplied by the management are not satisfactory. Adjustment, cross-checking and estimates had to be made to reduce the risk of error. Such deficiencies are understandable realizing that the data recording system is inefficient and that "double" or even "triple" book-keeping practices are common devices to avoid taxation. There was a general tendency for the companies to resist release of some important data, for fear that it may be used against them.

Table 3.2 presents the main characteristics of the companies. Employee questionnaires deal with the worker's personal variables such as: age, marital status, ethnic group, education, place of birth, etc.

Perception and response of the employees toward company policy are also recorded, particularly in the area of job satisfaction, labour turnover, labour absenteeism, wages and fringe-benefits, etc. (See Appendix B for details.)

1.8 Plan of the Study

Based on the aforementioned objectives, this study is organized in the following manner. The first is an introductory

chapter, mainly containing description of the background to the study, the main features of the Indonesian economy and the methodology used. Chapter 2 will provide a conceptual framework which may be useful as a background to the examination of the human resources development problems in this study. Chapter 3 will present a literature review on human resources development policies, centres particularly in the area of recruitment, selection, training, job satisfaction, wages and fringe-benefits. This will end up with some hypotheses. Chapter 4 will describe the general characteristics of the companies studied. In Chapter 5, we start to deal with the data collected in the employee questionnaires by examining the personal variables of the workers. Assessment on migration, attachment to home-village, rural-urban relations, remittances and the impact on village socio-economic life will form the last part of this chapter. Chapter 6 will deal particularly with the policies and practices on recruitment, selection and training of workers. In Chapter 7 we shall discuss the job satisfaction of the workers by assessing their statements. Rate of labour absenteeism and labour turnover will also be looked into. Chapter 8 will assess remuneration policy and also benefits and services. Extra income gained by the workers outside the formal working hours will also be considered. Still in relation to Chapter 8, an evaluation of worker's education and length of service to their earnings, will be analyzed in Chapter 9, in which Earnings Function Analysis is applied. In Chapter 10 we will attempt to examine the differences and similarities between the joint ventures and the domestic companies in terms of their personnel policies.

The final chapter, Chapter 11, is intended as summary and conclusion to the major findings discussed in the preceding chapters, written in a selfcontained brief version with some of the side-line discussions omitted. The rest of the volume will contain appendices and bibliography.

NOTES AND REFERENCES

- (1) The statistical figures are taken from:
Biro Pusat Statistik, Statistik Indonesia 1983. Jakarta, 1984.
- (2) The statistical figures are taken from:
Biro Pusat Statistik, Statistik Indonesia 1982. Jakarta, 1983.
- (3) Department of Finance, Financial Report and State Budget 1984/85.
- (4) Awanohara, S., "Tomorrow is Postponed", Far Eastern Economic Review, vol. 120, no.21, May 26, 1983, pp.82-83.
- (5) Deyo, F.D., Dependent Development and Industrial Order - An Asian Case Study, New York: Praeger Publisher, 1981, p.2.
- (6) Hawkins, E.D., "Labor in Developing Countries: Indonesia", in Glassburner, B. (ed.), The Economy of Indonesia, Ithaca: Cornell University Press, 1971, p.201.
- (7) Hawkins, E.D., "Labour in Transition", in McVey, R.T. (ed.), Indonesia, New Haven, Connecticut: HRAF Inc., 1967, p.267.

The nationalization of Dutch enterprises and plantations was soon followed by the nationalization of enterprises and plantations owned by other foreign nationals. The "New Order" government returned the enterprises and plantations to the original owners in 1967 - 1969.

- (8) Soetedjo, R., "Industrial Relations - Retrospect and Prospect", in I.L.O. "Industrial Relations in Asia", Labour Management Relations Series, no.52, 1979, p.99.
- (9) Deyo, F.D., op. cit., p.12.
- (10) Galenson, W., "Introduction", in Galenson, W. (ed.), Labour in Developing Economies, Berkeley: University of California Press, 1962.
- (11) As from November 1985, the labour unions were further centralized under a new face core body. The FBSI (All Indonesia Labour Federation) has been changed into SPSI (All Indonesia Union of Workers) to reflect its new unitary rather than federated structure, and to annul the Marxist-tinged word "labour" (Buruh) for class identification.
- (12) Sinar Harapan, 7 January, 1981 stated that for 1980/1981, the FBSI received Rp. 3 million per month state-aid for its operating cost.

- (13) Soetedjo, R., op. cit., pp.99-100.
- (14) More detailed description of Pancasila Labour Relations is given in Appendix C.
Pancasila itself is the Indonesia's state philosophy containing five principles:
1. Belief in God the Almighty;
 2. A just and civilized humanity;
 3. The unity of Indonesia;
 4. Democracy guided by inspirational wisdom in consultation/representation;
 5. Social justice for all Indonesian people.
- (15) Henley, J., "Corporate Strategy and Employment Relations in Multinational Corporations: Some Evidence from Kenya and Malaysia", in Thurley, K. and Wood, S. (ed.), Industrial Relations and Management Strategy, Cambridge: Cambridge University Press. 1983, pp.111-30.

CHAPTER 2

CHAPTER TWO

A CONCEPTUAL FRAMEWORK

The main aim of this chapter is to explore the conceptual background to human resources management. In particular, a literature review puts subsequent chapters dealing with the background and practices of human resources development in Indonesia (as exemplified by our data taken from eight manufacturing companies in East Java) into the context of theory and thought of the subject. A description of the Indonesian cultural background and its influence on the management style of Indonesian employers will precede the main discussion.

In the first place, it is appropriate to present the definition and general concept of human resources management. The term "human resources management" is a relatively new term which was preceded by other synonymous terms such as "personnel management", "personnel administration", "employee relation", "labour management", etc. In recent years, school of business administration and of management in universities have begun calling this academic area "human resources management". In this case, Graham points out that the term "management of human resources" has begun to be used instead of personnel management, emphasizing the fact that the people employed in a company are resources at least as important as financial or material resources, and must be given careful and expert attention.⁽¹⁾

The Institute of Personnel Management has published the following definition, which in general has embraced most other definitions.

"Personnel management is that part of management which is concerned with people at work and with their relationships within an enterprise. Its aim is to bring together and develop into an effective organization the men and women who make up an enterprise and, having regards for the well-being of the individual and of working groups, to enable them to make best contribution to its success". (2)

Throughout this study, the term personnel management and human resources management are used interchangeably.

We know that management consists both in the management of work and the control of people at work; while the former may revolve around a technology which may be said to be "neutral", the latter is complex and culture bound. It is with the latter that human resources management, as a part of management, is largely concerned.

As a matter of fact, it is not only the workers who are culturally bound, but the employers as well. It is inevitable that the employer's management style tends in some way to bear the colour-mark of their cultural background, despite the fact that they may also adopt the modern management theory from the West.

To give a general idea of the management style practised by the Indonesian employers, we shall attempt to discuss the Indonesian cultural background and see to what extent the cultural traits characterize Indonesian management style.

It should be noted that we prefer to use the term "Indonesian management style" rather than just "Indonesian management", because so far, there is no typical Indonesian management as such, like Japanese management or Western management.

2.1 Socio-Cultural Background

Indonesia has over a period of more than 1500 years, been influenced by many different alien cultures - Hindu-Buddhism, Moslem, Chinese and Western. In such an extended geographical area, peopled by so many ethnic groups, divided and separated by seas and mountain ranges, it is natural that cultural development did not take place everywhere in the same way and at the same rate. Consequently, it is apparent that Indonesian culture is not easily classified by a single label. Briefly looking at its socio-cultural history may help us to see some common cultural threads underlying this heterogeneity.

We are concentrating our attention on Java, because politically and economically it is the principal island with 65 per cent of the population living there and our research was done in East Java.

Before the coming of Hinduism, animistic beliefs and mysticism dominated the lives of the people. It appears that there was practically no social class differentiation in the indigenous Indonesian society. This was especially the case where shifting cultivation was the means of production, because swidden ecology was

not equipped to support a permanently stratified society where the upper strata of the society usually consisted of non-working elites. When the Hindus came to Indonesia from southern India along the Asian trade route in the 2nd and 3rd century, they developed wet rice cultivation and formed a social structure with differing degrees of status. They also brought along religious propagators who eventually succeeded in influencing the kings and court circles, particularly in Java and Sumatra.(3) Peacock noted that the Hindu priests - the Brahmins - were called to the courts where they first served in religious capacities but later were employed as chancellors, advisers in government affairs, supervisors of the construction of Hindu tombs, monuments and temples, and dispensers of legitimacy.(4) Similar evidence was found in Van Leur's and Pigeaud's study.(5)

Only the last Hindu-Javanese kingdom, Majapahit, founded in 1293, was able to spread its control over the whole Indonesian archipelagoes, much of what is now Indonesia. Power came into the hands of nobility, spiritual leaders, and the subservient to the sultan and king. Feudalism was then established.

In the 14th century, Islamic culture penetrated Indonesia and the religion spread over the coastal areas of Indonesia. When Majapahit fell in 1478, this new religion made great advances and, in 1582, the first Javanese-Moslem empire, Mataram, was established.

When the first Europeans set foot in Indonesia in the 16th century,

Indonesians began to know Western culture.

Among the alien cultures, why were only the Hindu and to a lesser degree the Moslem cultures able to exert a considerable influence on native Indonesian culture? The answer appears to be obtained from Parson's "Principle of Integration" which says that,

"a foreign complex is established in its entirety only when it can be fitted into an old form of behaviour, and is compatible with existing emotional attitudes."⁽⁶⁾

W.H. Rassers, a Dutch scholar, using the ideas of Parson's principle, offered a theory about the problem of syncretism of the competing Shiva and Buddha religions in Hindu-Indonesian civilization. According to this scholar, those religions, whose adherents formed two mutually hostile groups in the country of their origin, were easily assimilated into Indonesian cultures and above all into Javanese mythology, because Javanese society was divided during this period into two exogamous moieties (dual division) which intermarried and cooperated but also competed with each other. This moiety-structure was also used by the ancient mystical-pantheistic Javanese as a conceptual framework within which they visualized the structure of their universe. Within this context, their cultural universe was seen as a dualistic world of life and death, light and darkness, pleasure and pain, love and hate, sky and earth, etc., all of which contrast with and yet are intimately related to each other. This gave the Javanese the opportunity to classify the Shiva religion and all matters connected with it in one moiety and the

Buddha religion and all matters connected with it into the other moiety.⁽⁷⁾ This in turn resulted in the syncretism of Shiva-Buddhism and the indigenous culture, which is known as Kejawen, the "Javanism".

A deeper understanding of the problem of assimilation of alien cultural elements into Indonesia may be gained from Van Leur's study. His study reveals the basic difference between the processes of Hindu and Moslem cultural influence on Indonesian societies which had been previously regarded by scholars as two similar processes. Van Leur calls our attention to the fact that the 'Hinduization' of the Indonesian kingdoms was that of the "higher civilization" of the Hindus in opposition to the "lower civilization" of the Indonesians at that time. This does not apply to the Indonesians at the time of Moslem missionary activities more than 10 centuries later. Even if the Moslems from India and Persia who came to Indonesia were 'highly civilized', they still had against them, or rather above, the aristocratic Indonesian families of the port towns of Java, who were at least as highly civilized, and moreover maintained strong patrician and feudal traditions. The fact was that, according to Van Leur, the religion of Islam had been employed as a political instrument by the rulers of some newly arisen coastal states in northern Sumatra and at the trading kingdoms of northern Java to destroy the powerful Hindu-Indonesian kingdoms in the fifteenth century.⁽⁸⁾

The political and economic aspects of the diffusion of Moslem

influence in Indonesia, especially in Java, give us a conception of why Moslem culture did not change the foundations of society and the philosophy of life of the Indonesian people at the same rate as Hinduism. The Hindu-Javanese culture had been so tenacious that the Islamic faith had to some extent to adopt many elements from Hindu-Buddhism, animism and mysticism. Only the devout Moslems have piously and strictly adhered to the rules of Islam. The large part of the common people are nominal Moslems, who also follow practices and beliefs of Hinduism and local beliefs.

As for the Chinese culture, although the Chinese had contact with Indonesian culture for a similar length of time to the Hindus, the Chinese came to Indonesia with no intention of propagating their religion but rather as immigrants looking for better lives. Later, most of them became traders and businessmen, and in fact they largely stood outside the Indonesian social system, forming a self contained minority in a society to which, despite some degree of acculturation, they had remained essentially "foreign". Therefore, Chinese culture has only a meagre influence on Indonesian culture. Lastly, the impact of Western culture was not the same in different regions and rooted only superficially in the middle and upper class town people. Van Leur has put it beautifully as "a strong East, a richly coloured tapestry with only a small unevenly interwoven Western pattern." (9)

In conclusion, so far as the problem of acculturation is concerned, Hinduism had exercised the most influence and was the most

assimilated into Indonesian culture, particularly in Java and Bali.

With the fall of the Majapahit kingdom in 1478, the Hindu-Javanese state came to an end, but not its feudal culture. The succeeding Mataram kingdom which had an Islamic influence, bureaucratized the nobility. Later, the Dutch continued the process by employing this group as appointive salaried civil servants, to back up the administrative instruments of their policy.

The bupatis, at one time territorial governors appointed by the Javanese kings were, after the conquest of Java, controlled by the Dutch and given a new label of "regents". It is these regents and their descendants as well as the descendants of people with similar or higher status, who are known by the Javanese as priyayi, a social class of feudal nobility supposedly indicating descent from officials in the ancient Hindu-Javanese courts.(10)

After independence, despite the process of social change, the essential principles of Javanism have continued, although in somewhat different nature. The old social division has re-emerged in the new society, in which social status is not only determined by descent but also by wealth, education, occupation and kinship. Hence, a social class of "new priyayi" emerged alongside the old one.

The feudalistic kawulo-gusti (servant-master) relationship is no longer formally followed, as it was behind the walls of the Javanese kraton (king's palace), but the rules of etiquette remain as a core

of formality between higher and lower status, i.e. between superiors and subordinates, government officials and common people, employers and employees, teachers and students, etc. The preservation of Javanese feudalism is evident in the fact that throughout the greater part of today's Javanese society, careful attention is given to gestures expressing relative status in social intercourse. The variety and delivery of such gestures have been much elaborated. Robert Jay neatly describes, that

"the manner of greeting, of command and response, of giving and receiving gifts, of vocal intonation, of forms of speech, are nicely defined for all possible social relations. Through them, a Javanese can, with a minimum of overt emotion, subtly express his sense of another's social position relative to himself and the situation. Control of these gestures thus provides the Javanese with a sensitive instrument for expressing and divining his relation to other participants in any familiar social context."(11)

The way in which gestures may be used to express social status is shown most clearly in the form of Javanese language. Although bahasa Indonesia, the national language, is widely used, especially in organizational meetings and formal conversation, the Javanese in many and frequent occasions prefer to use the Javanese language instead.

Javanese grammarians divide Javanese syntax and vocabulary into two categories, "high" Javanese (krama) and "low" Javanese (ngoko). Krama itself is further sub-divided into "upper" (krama inggil) and "middle" (krama madya), and sometimes still a lower "village" krama.

The choice of linguistic form as well as speech style is in each case partly determined by the relative status or familiarity of the speakers. In general, a Javanese will use higher forms of language, in a polite manner, to his Javanese superiors and to (Javanese) strangers in proportion to their superiority or unfamiliarity to him. But he is bound to use lower forms with subordinates and intimates. In actual use, the high and low forms are intermixed in a wide variety of possible combination.

When the writer conducted research for this study, the practice of using such language forms between superiors and sub-ordinates was clearly noticeable, although in some cases, it was intermixed with bahasa Indonesia. All of the above evidence indicates that the underlying spirit of Hindu-Javanese feudalism prevails and is still highly valued by many Javanese today.

2.2 Paternalistic Management Style

This section will deal mainly with the concept and description of paternalism by way of two classic instances of industrial paternalism, i.e. the 19th century rural British factories, and companies in the 'modern' sector of the 20th century Japanese economy. These are presented as examples and as comparison with that of Indonesia to illustrate the general nature and significance of the institution.

In many ways, paternalism reflects the feudal tradition in which the

"master" has responsibility for the welfare of his subordinates in return for faithful service. In today's personnel management, paternalism depicts the notion that employers must assume a "fatherly" and protective role towards workers, such as providing housing, food, medical care, security and other welfare programs. In return, the workers are expected to be grateful, loyal and also productive. Paternalism could therefore be used as a managerial tool to control workers and in order to transform labour power into productive labour.

Bennett and Ishino define paternalism as:

"a relationship between the agents in any economic organization in which the employer acts toward his employees in a manner somewhat similar to that of a father toward his children." (12)

This implies a pattern of mutual obligations between employer and worker. Furthermore, two features characterize paternalistic economic organizations wherever they are found:

- (1) there is a degree of hierarchy which is greater than the minimal amount that any employer-employee relationship should display. That is, the status difference between employer and employee is not purely a matter of instrumental necessity, but contains a cultural or ideological element which suggests that the employer is more than just an employer: he is a "superior" person, in control because of this superiority.

- (2) the second general characteristic is the concern shown by the employer over aspects of the lives of his employees which have nothing to do with the actual work performed, or the organization in which it is performed. That is, (the employer) is responsible in some way for his workers and, in most cases, their families.⁽¹³⁾

In many paternalistic situations, there appears to be a historical background of "pre-industrial" socio-cultural organization. Abercrombie and Hill, suggested that paternalism is primarily an economic institution, in contrast with patronage which is more sociological. They have discussed the development of industrial paternalism in two different societies at different times.⁽¹⁴⁾ By comparing the 19th century English factory villages and companies in the 'modern' sector of the 20th century Japanese economy, they discover similar developments of paternalistic social organization. In both societies, industrial paternalism can be seen as a response to the introduction of large-scale production methods. The change from traditional craft production to factory production, and the employment of unskilled labour which resulted from scientific management, caused industrialists problems of controlling the workers.

Capitalists in both countries, who had invested in capital equipment and wanted to recruit labour for single-skill and repetitive work, found that they were short of people willing to endure the discipline and hours of industrial work. Therefore, they

had to search for and train suitable workers, and then retain them. In both countries there were developed markets for skilled labour, and that these people were mobile between companies creating labour turnover problems for their employers. Japanese industrialists appear to have intentionally recruited school leavers with no prior work experience and prevented the subsequent growth of market mechanisms which would facilitate the transfer of men between companies, in order to reduce the turnover common among men with occupational skills and make them more dependent on their companies.(15)

One impetus towards paternalism, therefore, aside from the "fatherly" behaviour, was the desire of employers to make their workers dependent and to increase the control they had over their workers.

It should be noted that paternalism did not flourish at certain stages in the industrialization process in both countries without the support of the culture and its normative elements. As Abercrombie and Hill suggest,

in both (countries), traditional family organization played a part, providing an adaptable model of organization and a set of values which legitimized social relations."(16)

In the Indonesian situation, different from that of Japan and the 19th century British rural factories, management paternalism does not appear to be a response to the introduction of large-scale

production methods. This is particularly so because the development of the Indonesian economy and the social setting are different from those in the two countries.

During the colonial era, the "dualistic" nature of the Indonesian economy had long been noted. The economy can be divided into two quite distinct sectors:

(1) The "industrialized" sector - consisting of plantations, mines, oil fields and refineries, large-scale manufacturing production, and transport, trade and finance associated with those activities - is capital intensive and almost entirely held by the Europeans and a small number of Chinese. During this time, the colonial interest in "cheap labour" policy characterized the colonial management.

However, labour market deficiencies coupled with poverty among the workers had led the employers to practice a "quasi-paternalistic" management by paying the workers in kind and other welfare services, apart from wages, in order to recruit and retain labourers. Malnutrition, for instance, had forced the employers to provide foods in the interest of higher productivity and lower rate of absence because of ill-health. We call this "quasi-paternalism" because it was largely manipulative and only served to make the workers dependent and to increase labour control. The paternal benevolence philosophy of paternalism practically did not exist. The 'notorious' Coolie Ordinance (17) which entitled the Dutch to exercise "forced labour" was a good example of manipulative paternalism.

(2) The native sector, consists of peasant agriculture and small family or cottage industry and trade, owned largely by the common people of the indigenous Indonesians. The simple management was paternalistic in its nature, but not feudalistic, for the owners were not priyayi (Javanese nobility). In between, the Chinese were the major group to occupy the commercial and intermediary role between the two sectors left vacant by the natives and the Europeans.

Obviously, colonial Indonesia lacked a broadly based indigenous bourgeois capitalist class like that of the Western nations. It is not possible to describe the (native) Indonesian management style in colonial times, since it had then practically not been formed.

After independence, in particular after the sovereignty transfer from the Dutch in 1949, the young Indonesian Republic tried to transform the colonial economic and business structure to suit the nation. It was soon realized that the need for middle class national entrepreneurs was a crucial factor in order to develop the national economy and to replace the vacancies left by Europeans, which had been partly seized by the Chinese.

In 1951, the government legally extended exclusive import licence and credit facilities to the pribumi (indigenous). Many failed to use this opportunity by "selling" their special licences to the non-pribumi (i.e. the Chinese) for quick profit. Many others, however, whether aided by special privileges or not, succeeded in their business and these are regarded as the pioneers of the

Indonesian businessmen. It is in their hands that the Indonesian management style began to take shape, and it appears that the existing cultural pattern is reflected in this style.

Apparently, the Indonesian management style reflects a transition from the old feudal culture to the "modern" business setting, in which the characteristics of the old culture still linger on, and are unlikely to die in the near future.

One of the measures which indicates the practice of paternalistic management is the composition of wage components, or to be specific, the proportion of fringe-benefits in the total payroll. Our data show that the total average fringe-benefit costs, expressed in percentage of payroll, is 48.4 per cent; this includes components for the welfare of the workers such as medical care, family benefits, cost of living benefits, etc. In this case, there seems to be no significant disparity between the domestic and the joint-venture companies. As a comparison, a biennial survey in 1968 on 361 companies in the U.S.A. conducted by the U.S. Chamber of Commerce showed that the total fringe-benefits was 26.6 per cent of payroll.(18)

Hawkins noted that in the colonial era, wage payments even among the large companies, tended to be made in goods and services, aside from cash. Payment in kind may take the form of meals or a quantity of rice, sugar, cooking oil, dried fish and clothes.(19)

As mentioned earlier, this is just quasi-paternalism, serving mainly to make the workers more dependent. Nevertheless, "extra payments" in kind such as these have a long tradition in Indonesia, although at present, for the sake of practicality, some payments in kind tend to be incorporated into the money wage. In Idul Fitri, however, aside from a cash bonus, a plastic bag of hadiah (gifts) containing a piece of cloth, a tin of biscuits, a bottle of syrup, etc., are still common today, even in big modern enterprises.

All companies in our survey provided cafeteria with free or subsidized meals. In a time of inflation it is common that the companies provide subsidized rice and sugar for the employees. To some extent, payment in kind has been considered by the workers as the reflection of employer's generous even benevolent attitude.

Where employers are not willing to recognize this convention, they often find it becomes a source of contention between themselves and their workforce. As an example, the abolition of a New Year (Idul Fitri) gift in company T2 (1980) caused labour disputes, so that the plan was abandoned.

The paternalistic nature of relationships between superiors and sub-ordinates, aside from the practice of using specific language forms, can also be seen in that the workers carry over traditional attitudes toward elders (vertical orientation) into their relationship with their supervisors or immediate superiors. Supervisors are expected to look after the worker's interests with

higher authorities. Workers feel they should, in some way, be able to get this care from their supervisors when they need it. This includes requests for loans as well as advice on family problems. Informal visits to supervisor's home in the evening or at week-ends is another way to ask for help, advice or to express personal complaints secara kekeluargaan (in "familyism" way).

All companies in our survey gave advances or loans to a number of workers on request, after judging their demands as reasonable. For workers who are barely able to support their families, this advance or loan is found to be useful to prevent them from falling into the hands of usurers. For the company, however, this means extra administrative work.

In company T3 (state-owned) where the labour organization assisted by the company has succeeded in establishing a loan and saving cooperative club, the workers can borrow money from the club. The loan plus a small amount for administrative costs will be deducted from the next wage or salary. Again, this evidence indicates the paternalistic nature of the management style.

In the West, management paternalism has been criticized because, inherited from a feudal society, it is normally associated with the traditional master-servant relationship and with a social system giving workers a low social status. Thus, it usually demands unquestioning personal allegiance to the employer and subservience to his will and judgment. The character of paternalism, however,



may differ according to the cultural setting and to the character of individuals. The Indonesian paternalistic management style may exhibit features considered objectionable by Western modern management standards, but which can only be properly understood and evaluated by reference to the existing cultural pattern.

There are aspects of the existing cultural pattern in a society which can provide a sound basis for personnel management in that particular society. The life-long employment in Japan, based on a paternalistic Japanese management, has often been cited as an example. In any case, Indonesian paternalism is the offspring of a feudal society. Consequently, the paternalistic management style would only be able to survive, if it is acceptable to the society where it belongs. In relation to this case, Clark Kerr et al. suggest that paternalistic management, with all its overtones and variations, tends to be most readily accepted when:

- (1) the pre-existing culture and social structure are congenial to this type of superior-subordinate relationship;
- (2) labour organizations do not challenge management's decisions at the work place concerning what should be done for the employees; and
- (3) when the community does not provide the welfare services.⁽²⁰⁾

It appears that the Indonesian situation accords with Kerr's conditions since the culture and social structure are feudalistic, the labour organization is weak and Indonesia is by no means a welfare state.

2.3 Patrimonial Business Organization

Another remarkable feature in the Indonesian situation is the traditional (but not necessarily small) type of enterprise organized by and for the family or kinship group, and Abbott has called this patrimonial enterprise, suggests that this form of business enterprise is especially characteristic of pre-industrial societies and/or the early phases of industrial modernization of societies, and is currently widespread in Southeast Asia, Africa, Middle-east and Latin America. (21)

Kerr et al. define it more widely as:

"management in which ownership, major policy-making positions, and a significant proportion of other top jobs in the hierarchy are held by members of an extended family. The effective decision-making authority is centered in the family, and the goals of the enterprise are oriented towards the interests and aspirations of the family." (22)

The definition above, implies that nepotism is an inseparable part of patrimonial business organization.

McFarland defines nepotism as:

"the term describing favouritism shown by the company officials to their relatives. it implies that the bestowal of patronage or opportunities because of one's kinship rather than merit or ability." (23)

In a patrimonial business enterprise could, therefore, be found a conspicuous concentration of power (decision making and allocation

of key positions) and capital ownership, in the hands of the family or kinship. In Indonesia, this type of enterprise is generally found among the Chinese-owned business enterprises. Three companies in our study (T1, C1 and E1), which are owned by the Indonesian Chinese, clearly show the characteristics of patrimonial business organization, that is:

- (1) in spite of the legal status as Perseroan Terbatas (Public Limited Liability Coy.), they all do not go public, and all or the largest part of the shares are owned by the family and/or kinship group.
- (2) a great deal of responsibility/decision-making is in the hands of a very few, i.e. the senior members of the family.
- (3) important positions in the top and to some extent in the mid-management levels are held by the owners and family/relatives (nepotism).

This is understandable considering that many large Chinese-owned companies have developed from family businesses or kongsis. One of the companies in our sample is a big electronic company originated from a family shop selling audio-visual products.

As to the nepotism that goes with it, the underlying philosophy of family-ism in which "helping kins is a virtue", may have been the root of the practice.

Like paternalism, patrimonial business organization has been criticized in the West, because it is considered as manifestly the antithesis of modern management principles. The criticism goes on to say that the family enterprise is usually most effective in relatively simple organizations. When the enterprise expands, it may reach a point where a change in the management structure is necessary. This means the enterprise should accept a change from this family-based pattern by releasing the operation of the enterprise to competent professional managerial careerists. By observing the development of family enterprises in the U.S.A. and Europe, Kerr comes to a conclusion that in advanced economies, family enterprises no longer play an influential role and tend to disappear as a power in large industrial establishment.

On nepotism, McFarland criticizes that:

"unchecked nepotism may produce undesirable consequences such as the stifling of creativity, discouragement of persons of ability, and the building up of resentments, tensions and low morale among employees competing with nepotism. In some cases, profits have been endangered through mismanagement, payment of high salaries to family members, and putting family interests ahead of company interests." (24)

Patrimonialism and nepotism which appear to be incompatible with advanced Western management, may be appropriate for the present stage of development of industrial and business enterprises in Indonesia.

In a society where educated skills are scarce and the sons or relatives of the wealthy have been able to enjoy much of the

education, nepotism may be necessary. And, if the selected key members of the family are competent, honest, motivated and dilligent, patrimonialism could be quite dynamic. This can be seen from the development of the Chinese-owned enterprises in Indonesia which flourished and are much sought after by foreign investors as joint-venture partners.

In saying this, however, a word of caution should be added, because patrimonialism and nepotism are not without shortcomings. The continuity of the patrimonial enterprise is usually at risk when the top member of the family dies. History tells us that many Chinese enterprises in Indonesia (such as clove cigarette and batik enterprises) crumbled or declined drastically, not long after the death of the taoke ("head of the house"), because the system has put a great deal of responsibility in the hands of a very few, and therefore the quality of this management skill is indispensable.

Concerning the nepotism, as long as it does not go "unchecked", in the sense that the allocation of family members into the important positions in the management does not override the principle of "the right man in the right place", it would not be detrimental to the health of the company.

However it may be, it would be difficult to dissociate the practice of nepotism from the strong family tradition in which helping kin is a highly valued virtue.

In conclusion, it should be borne in mind that while it is necessary to ensure that the traditional elements are not neglected, it is also necessary to be aware that the adaptation to a modern industrial milieu gives rise to problems of adjustment between the traditional culture and the new industrial culture.

2.4 Problems of Labour Control

Owing to the past disillusionment about the results of economic policies inspired by socialistic doctrines during the Indonesian "Old Order" Administration, the "New Order" government since 1967 has reconstructed the Indonesian economy based largely on the free market mechanism and has thereby adopted capitalist principles.

Eventually, the system has worked, the economy has regained its momentum and with it, industrialization has progressed more rapidly than before. Industrialization gives rise to problems which are not simply concerned with hardware, i.e. machinery and materials, but also with labour process, that is, according to Thompson, "the means by which raw materials are transformed by human labour acting on the objects with tools and machinery, into commodities to be exchanged on the market." (25)

In the labour process, the human factor needs special treatment because it is a unique kind of production factor, different from machinery and raw materials. When the capitalist buys machinery or

raw materials, he can determine their value in the labour process with precision. But when he "buys" labour power, as Friedman puts it,

"he buys what is on the one hand a potentially malleable commodity, but what is on the other hand a commodity ultimately controlled by an independent and often hostile will." (26)

So, there is a factor additional to quality in the labour force, that is, the will to work. This will to work, without which high productivity can never be achieved, is also dependent on the attitudes of the management. Nowhere are these attitudes more important in this respect than in developing countries - like Indonesia - where there have been major problems in the adaptation of former rural workers to industrial environments, with all the psychological and sometimes physical stress that this may involve. Since labour productivity is an essential aspect of industrialization, unless the labour power is efficiently utilized, the human capital stock will be wasted and its effects would be detrimental to national development.

Hence, the problem is how to transform labour power into productive labour for profitable production. This requires systematic managerial control over the labour process.

Under capitalism, labour power is bought and sold, and used for the accumulation of profit. When the capitalist purchases labour power however, he is only acquiring potential. Marx denotes this

managerial problem by the term "variable capital" for labour power. The variability arises from the independent worker activity. Different from other factors of production, labour has the power to control his will, motivation and consciousness to work, and with this he may exercise in a positive way in support of, or in a negative way, in conflict with the employer's interests.

Many writers have raised the point that management and labour are enmeshed in economic relations which by their very nature contain conflict of interests. What is good for one, is frequently costly to the other. Taylor, for instance, referring to the worker's resistance, suggested that,

"underworking, that is, deliberately working slowly so as to avoid doing a full day's work, 'soldiering', as it is called in this country, 'hanging it out', as it is called in England, 'ca canae', as it is called in Scotland, is almost universal in industrial establishments." (27)

Referring to the conflict of interests between management and labour, Hill points out that,

"the interests of the different parties concerned with production compete in certain fundamental respects. This is particularly so of management and labour. Employees need to collaborate with their employers if goods are to be produced and the firm is to survive, but otherwise their interests may not be the same." (28)

The conflict of interests between management and labour has apparently convinced the management that in order to be able to transform labour power into productive labour, the management must

erect structures of control over the workforce. What is control? In the following, we shall introduce the definitions and concepts of control given by several writers.

Friedman, for example, defines control as follows:

"To control is to exercise restraint or direction upon the action of a force or thing. The force or thing when referring to the labour process under the capitalist mode of production, is separate from its controller." (29)

He further states that authority over workers, direction of worker activity and coordination of flow of materials, products and cash are all necessary aspects of managerial control over the labour process with the capitalist mode of production.

Edwards defines control as:

"the ability of capitalists and/or managers to obtain desired work behaviour from workers." (30)

Such ability, he adds, exists in greater or lesser degrees depending upon the relative strength of workers and their bosses. Further, he suggests that the "system of control" be thought of as a way in which three elements are coordinated: the mechanisms by which employers direct work tasks; the procedures whereby they supervise and evaluate performance in production; and the apparatus of discipline and reward. (31)

Another writer on the labour process, Thompson, gives a similar definition:

"control system (contains) mechanisms by which employers direct work tasks, discipline and reward workers, and supervise and evaluate their performance in production."(32)

Lastly, Flamholtz writes that an organizational control system may be defined as:

"a set of mechanisms designed to increase the probability that people will behave in ways that lead to the attainment of organizational objectives."(33)

From the above definitions, at least three essential factors emerge. First, control involves two parties, the controller/capitalist and the controlled/labour power. Second, control is intended to influence the behaviour of labour power in the labour process through direction, evaluation, discipline and rewards, in which the influence depends upon the relative strength of the parties concerned. Third, control is goal oriented, in that its purpose is to help ensure that the organizational goals largely set by the capitalist, are achieved. Under capitalism, labour control is necessary for the capitalists to attain supremacy of the market and gain profits.

2.5 Types of Labour Control Strategies

Writers on the labour process have discussed varieties of labour control. Edwards, for instance, observes the matter from the

historical account of the shift from personal to bureaucratic control of the labour force. He indicates three types of control, namely, simple control, technical control and bureaucratic control.

Friedman points out the difference between responsible autonomy and direct control over the labour process, while Braverman discusses control through Taylor's scientific management. On the other hand, Abercrombie and Hill are more concerned with paternalistic control. They distinguish paternalism from patronage. This particular topic has been incorporated in the discussion of the Indonesian management style in section 2.2, because paternalism largely characterized the Indonesian management style.

To begin with, we shall look into the types of control suggested by Edwards. He postulates that systems of control in companies have undergone dramatic change over time, in response to changes in the company size, operations, and environment, and in the worker's success in imposing their own goals in the workplace.

In the first place the system of simple control was based on the small size and lack of sophistication of manufacturing companies. In this system, the owner-manager assisted by foremen had a direct stake in transforming labour power into labour, and they combined both incentives and sanctions in an "idiosyncratic and unsystematic mix."⁽³⁴⁾ Further development showed the tendencies toward concentration of economic resources which reduced the dominance of simple control; while the needs of companies for control increase,

the effectiveness of simple control tends to decrease with the complexity of the product as well as with the scale of production.

Larger companies developed a more formalized method of organization, which Edwards calls the "structural" form of control. Edwards explains that "more formal, consciously contrived control could be embedded in either the physical structure of the labour process, producing 'technical control' or in its social structure producing 'bureaucratic control'".⁽³⁵⁾ This will be discussed in the following sub-section.

2.5.1 Edwards' Technical vs. Bureaucratic Control

Whereas simple control has continued to exist in small companies, in larger companies, especially the mass-production industries, work tends to be subject to technical control. The latest development of technical control is based upon a much more sophisticated technology - such as computer controlled systems - than was available when the Ford assembly line was introduced. Bureaucratic control, on the other hand, originated in management's efforts to subject white-collar workers to more strict control, but its success has induced management to apply the system more broadly than just to the white-collar staff. Of the subsequent modern form, technical control is defined by Edwards as that which

"involves designing machinery and planning the flow of work to minimize the problem of transforming labour power into labour as well as to maximize the purely physically based possibilities for achieving efficiencies."⁽³⁶⁾

Technical control is structural in that it is embedded in the technological structure or organization of production. Edwards stresses that technical control only emerges when the entire production process of the plant or large segments of it are based on a technology that paces and directs the labour process. "When that happens", he adds, "the pacing and direction of work transcend the individual work-place and are thus beyond the power of even the immediate boss; control becomes truly structural." (37)

Although technical control has shown its persistence into the post-1945 period, labour strikes in the 1930's in the U.S.A. displaced the false belief that technical control would settle the labour problem.

In this case Edwards asserts that "assembly lines and other technologically based ways of supervising workers transformed workplace conflict into broader and ultimately more dangerous plantwide struggles." (38) Therefore, in spite of the fact that some parts of Taylorism and technical control would remain to be employed for some tasks in many industries, a new control system labelled by Edwards as "bureaucratic control" emerged in the West, during the post-1945 era.

Edwards defines bureaucratic control as:

"a control which is embedded in the social and organizational structure of the firm and is built into job categories, work rules, promotion procedures, discipline, wage scales, definitions of responsibilities, and the like." (39)

Thus, bureaucratic control establishes the impersonal force of "company rules" and "company policy" as the basis for the regulation of work. The "rule by supervisor command" was replaced by "rule of company's law". To this particular case, Littler and Salaman raise a comment that bureaucratic control differs distinctly from technical control, in terms of the location and the manner of control. They further declare that bureaucratic control not only institutionalizes control, it also provides definite structures of rewards and sanctions.(40)

One important feature of bureaucratic control is its pervasive effect in that it offers a conception of employment which covers many more aspects of a worker's life and behaviour than technical control. In so doing, bureaucratic control attempts to ensure employee integration and involvement, partly by structural means, such as the provision of careers and long-term contracts, and also by the internalization of organizational rules felt to be rational and fair. "In principle", Hill suggests, "bureaucracy provided a solution to some of the employee problems which taxed managers and led them to develop various managerial ideologies, because it served to make managerial authority legitimate and provided norms of effective work performance."(41)

Burawoy also sees bureaucratic control as showing the trend away from control by coercion towards control by consent and integration.(42)

The success of bureaucratic control does not mean that the capitalist has completely eliminated the workers' resistance. Job security and a long-lasting identification with the company also provide conditions that foster demands among the workers for more participation in establishing the rules by which the company is run. Such demands may set up an essential challenge to management's authority.

Dissatisfaction combined with bureaucratic rules may provide a new form of workers' resistance known as "work to rule" strikes, by which the workers try to show they are busy following the rules but lowering productivity.

2.5.2 Friedman's Direct Control versus Responsible Autonomy

Friedman has made a distinction between two different managerial strategies, namely: "direct control" and "responsible autonomy".

He defines direct control as:

"strategy involves maximizing the separation of conception from execution of work tasks for the vast majority of workers, the centralization of conceptual activities into few hands closely related to those with high managerial status, and the maintenance of managerial authority through close supervision and financial incentives: in short the Taylorian ideal of scientific management." (43)

In contrast to direct control, Friedman defines responsible autonomy as:

"strategy involves allowing individual workers or groups of workers a wide measure of discretion over the direction of their work tasks and the maintenance of managerial authority by getting workers to identify with the competitive aims of the enterprise so that they will act "responsibly" with a minimum supervision."(44)

Paternalistic supervision in the labour process could be put into the same classification with responsible autonomy strategy because this traditional form of delegated control also involves conceding elements of control to workers so that they may use their discretion in the process of production.

Basically, direct control strategy removes broadly based worker skill and initiative as both the centre and the detailed operation of the labour process, and replaces them with centrally conceived and managerially directed design of specific work tasks, work pace and work effort. Ultimately direct control sees the majority of people working as machines controlled by centralized planning departments. The problem is that workers are not mechanisms whose willingness to work can be switched on and off by tight control and financial incentives.

Responsible autonomy strategy, on the other hand, is designed to lessen the undesirable effects of direct control strategy by setting up small work-teams which are able to make some of their own decisions over their direct work activity and increasing the variety

of work tasks. According to Friedman, "these are intended to reduce solidarity by increasing heterogeneity within the work force as a whole and by encouraging stratification into small, partially competing groups."⁽⁴⁵⁾ Friedman believes that there is a long-run tendency towards using responsible autonomy strategies. Given that top managers in monopoly conditions have to deal with greater potential worker resistance, this stresses the use of responsible autonomy to co-opt the workforce. Friedman also suggests that responsible autonomy is more applicable in dealing with relatively privileged skilled workers, who already have an element of job control and discretion. On the other hand, direct control is best suited to large companies with stable product markets and poorly organized labour force.

Actually, direct control and responsible autonomy strategies have parallel dichotomies in sociological theory, such as Fox's low and high discretion systems of management. Fox claims that managers do not trust their workers to work effectively and in the best interests of their companies. Consequently they manage the workplace in such a way as to reduce worker discretion, and subject workers to tight control and supervision. Thus, the principles of managerial control and employment expressed in direct control strategy and Taylorism are those of low trust, while in responsible autonomy and bureaucratic control are those of high trust.⁽⁴⁶⁾

2.5.3 Braverman on Taylorism

In a discussion on scientific management, Braverman has described the three principles of Taylorism. The first is, the dissociation of the labour process from the skill and autonomy of the individual worker. The second principle is the dissociation of manual and mental labour, thus separating conception from execution and removing 'brain work' from the shopfloor. It is the managers and their associated experts and professionals who do the work of conception; the workers perform the actual execution.

The third principle is management's use of their monopoly of knowledge of the work, the technology, the elements in the labour process to control each step of the labour process and its mode of execution.⁽⁴⁷⁾ These principles reflect the need to control labour and to reduce managerial dependence on worker cooperation. Scientific management has resulted in an increase in efficiency and profitability. On the other hand, however, work has been increasingly "degraded". There has been a continuing process of de-skilling which disregards elements of knowledge, responsibility and discretion of workers, and leaves only the most simple tasks for operatives to execute. Less skilled and therefore cheaper labour could be employed to substitute more expensive skilled labour. Where jobs were de-skilled, this reduced the market power of labour with skills over management.

While it is generally agreed that scientific management was an

essential element of experimentation towards new control systems, Braverman recognizes that Taylorism alone was not an adequate basis for the further transformation of the labour process by capital.

Braverman points out that Taylorism raised a storm of opposition among the trade unions, because it was an attempt to break up workers from their job autonomy and craft knowledge. In the same tone, Friedman also indicates that "Taylorian scientific management is not the only strategy available for exercising managerial authority, and given the reality of worker resistance, often it is not the most appropriate." (48)

Burawoy also believes that "as a practical tool of increasing capitalist control, Taylorism was a failure." (49)

Taylorian's failure as a tool of managerial control was believed to originate from Taylor's strong conviction that the solution to worker resistance was high relative financial rewards through the "differential rate piece-work" system, based on his view of rational homo-economicus. Taylor never doubted that workers would accept his new methods when they learned that they could make more money. A fundamental factor was ignored. The motivation of workers is not guided simply by economic interest. A diminishing marginal utility to money comes into being in cases where money will not induce workers in more secure positions.

Concluding remarks

Following Karl Marx, many writers on the labour process and labour control have too often reduced wage labourers to commodities bought and sold in the market, to objects of manipulation and to victims of the relentless forces of capitalist accumulation. Controls applied by capitalists such as "technical control" (Edwards, 1979), "direct control" (Friedman, 1977) and "separation of conception from execution" (Scientific Management) are seen as labour control resulting in the "process of de-skilling which removes all elements of (working) knowledge, responsibility and discretion of the workers." (50)

However, some writers, such as Kusterer (1978), Burawoy (1982) and Manwaring and Wood (1984), argue that an absolute de-skilling of jobs by divorcing conception from execution is an impossibility. Even unskilled workers require some knowledge, which Manwaring and Wood refer to as "tacit skills", to do their jobs. All work, however much detailed by mechanization, leaves a certain room for initiative, which in turn may satisfy workers because of their achievement.

Suggesting that working knowledge, as a cultural form, is a mode of

adaptation of workers to their work environment, Kusterer claims that

"Working knowledge, like other cultural forms, is a mode of adaptation on the part of workers to their work environment. Unlike some other forms of cultural adaptation - extreme self-estrangement, the use of drugs or alcohol to put mental distance between oneself and the environment - the learning of working knowledge is a mode of adapting to the work place which increases the worker's ability to be effective in that environment, to manipulate it, or even to transform it."(51)

This statement indicates that Taylorism cannot successfully reduce workers to automatons. By adaptation to the labour process, the workers observe certain spaces, certain chances of escape from the routine, so that while actually at work the workers "will find it possible now and again to enjoy the luxury of self-determination."(52)

Baldamus, a sociologist, has examined the nature of the immaterial compensations (which he calls "relative satisfactions") available to industrial workers:

"Hard work is not necessarily reflected in feelings of discomfort only. It can also produce certain satisfactions. As a matter of fact, all work deprivations may be connected with what I shall call 'relative satisfactions'. They are feelings of temporary relief of discomfort of certain work realities, feelings which arise when these factors have become part of the worker's customary interpretation of his situation. They are, to this extent, only apparent satisfactions, which are actually derived from deprivation."(53)

It is, therefore, appropriate to conclude our discussion by quoting the statement of T. Manwaring and S. Wood that "work is both degrading and constructive, both crippling and enriching."(54)

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CHAPTER 3

CHAPTER THREE

HUMAN RESOURCES DEVELOPMENT POLICIES

AND THE HYPOTHESES OF THE STUDY

In order to develop the hypotheses concerning the human resources development policies and practices exercised by the employers in our study, a literature review is presented in this chapter. This review centres particularly in the area of recruitment, selection, training, job satisfaction, wages and fringe-benefits.

The conceptual framework discussed in the preceding chapter will also be referred to as appropriate. The discussion on each subject will end up with some hypotheses to be examined in the corresponding chapter dealing with that particular subject.

3.1 Recruitment

The term recruitment applies to the process of attracting potential employees to the company from whom qualified candidates are selected for job vacancies. To some extent, the company's existence in the community is sufficient to attract people to it; a company's reputation in the local labour market influences its recruitment activities.

Normally, an effective and systematic method of recruitment will minimize the costs of selection and training, and result in an efficient workforce. Graham defines recruitment as:

"the first part of the process of filling a vacancy, it includes the examination of the vacancy, the consideration of sources of suitable candidates, making contact with those candidates and attracting applications from them."⁽¹⁾

Basically there are two main sources for every vacant position in a company: internal and external sources. Internal recruitment is filling a vacancy from within the company by transfer (horizontal mobility) or promotion (vertical mobility). There are some advantages to internal recruitment, such as better motivation of workers because their capabilities are considered and opportunity offered for promotion. It is also more reliable because the worker is known more thoroughly than an external candidate and, the procedure is quicker and cheaper. A large part of vacancies, however, are normally filled from external sources. External recruiting could be time-consuming as well as expensive. In general, external recruitment channels can be divided into two categories. The first are channels which are relatively less expensive but offer a limited choice, i.e. gate-hiring (unsolicited applications), present employees' reference/recommendation, labour union, labour office (public employment agencies), school and university scouting. An extra channel can be added, i.e.: nepotism. The second type of channel is comparatively expensive but offers the employer access to a wider range of candidates. This includes advertising and using private employment agencies.

Advantages and disadvantages can be found in each channel. Gate-hiring, for example, is an inexpensive form of recruitment. Persons appearing to the factory gate usually represent unsolicited applications. This channel provides a limited choice and is only appropriate to candidates for lower positions in the hierarchy. Considerable variation in ability and experience are ususally found in this group. The current employees themselves can be utilized as a cheap recruitment channel. In a gemeinschaft society like Indonesia, communication is dominated by personal relations and marked by its informality. Added to this is a situation where the labour supply is larger than its demand. Consequently, it becomes common practice that workers try to get a job for their relatives and friends whenever a vacancy in the company they work for is available. The advantage of this system is that current workers may have specific knowledge of the potential candidates recommended by them. Grossly unqualified persons are not likely to be recommended because it may reflect adversely upon the reputation of the sponsor. This system, however, does have a disadvantage, namely, the possibility of the formation of cliques and informal work-groups, particularly where relatives are involved. Labour unions can also be regarded as a source from which to recruit workers.

In the United States, for example, companies with "closed shop" or "union shop" contracts, must look to the union in their recruitment efforts. In the closed shop contract, each worker must become a member of the union before he is hired. Employers recruit from a union hiring hall which allocates job calls for its members

according to rotating lists. In the union shop arrangements, the employer may hire anyone he chooses, but the worker must join the union within a specified time if he is to remain a worker.⁽²⁾ The public employment agency is an employment service provided by the government. In Indonesia, it is run by the Labour Office. The service is usually free of charge or costs very little. The choice offered, however, is limited, because many types of workers prefer to seek jobs by other methods. In developing countries these agencies tend not to be adequately equipped with competent staff and facilities to check and analyze the skills which applicants claim to have. Consequently, employers are inclined to disfavour using this service.

Direct links with educational institutions if well-managed can be one of the advantageous recruiting methods. They could bring to the company potentially able young candidates who are comparatively well-educated and who, with further training and experience will develop into the mainstream of the company's executive and managerial positions. In spite of the fact that educational credentialism has been widely practised in Indonesia, it does seem that this sort of recruitment channel has not yet been popular.

Nepotism or the hiring of relatives has often been mentioned as an inevitable component of recruitment programs in family-owned companies. Such a policy does not necessarily coincide with hiring on the basis of merit, but interest and loyalty to the company are compensating advantages.

Advertising in newspapers, trade magazines and professional society journals is a widely used method of recruiting in developed countries. In Indonesia, however, advertising is regarded as expensive and is used occasionally only to recruit candidates for managerial positions. For recruiting manual workers, advertising is not effective because a larger part of the population does not or seldom reads newspapers or magazines. The weakness of advertising is that it is a rather gross entry into the labour market; there is no control of the incoming responses. Job advertisements should aim at procuring a small number of relatively qualified candidates quickly and cheaply. An advertisement which attracts hundreds of replies is not good because the employer will then be faced with the lengthy and expensive task of sorting out a few candidates for interview. Graham suggests that advertisement can become the first stage in selection by "describing the job and the qualifications required so comprehensively that border-line candidates will be deterred from applying and good candidates encouraged." (3)

Lastly, channels of recruitment through private employment agencies could be expensive, especially in cases where the agencies undertake a complete recruitment process and the first stages of selection. It is usual for the employer to pay a substantial fee whether or not a suitable candidate is found. A qualified agency, however, is in an excellent position to aid the company in its recruitment as it knows the market, the skills available, the skill sought by the employer, and the situation concerning particular candidates.

3.2 Selection

Whereas the aim of recruitment is to attract a number of persons who are available and willing to work for a particular company, selection has as its objective the sorting out or elimination of those judged unqualified to meet job and organization requirements.

In a sense, therefore, recruitment tends to be positive in that it seeks to attract people to apply for work, whereas selection tends to be somewhat negative because it rejects a good portion of those who apply. The most common approach to the selection problem is to choose individuals who possess the necessary skills, abilities, and personality to successfully fill a specific job in the company.

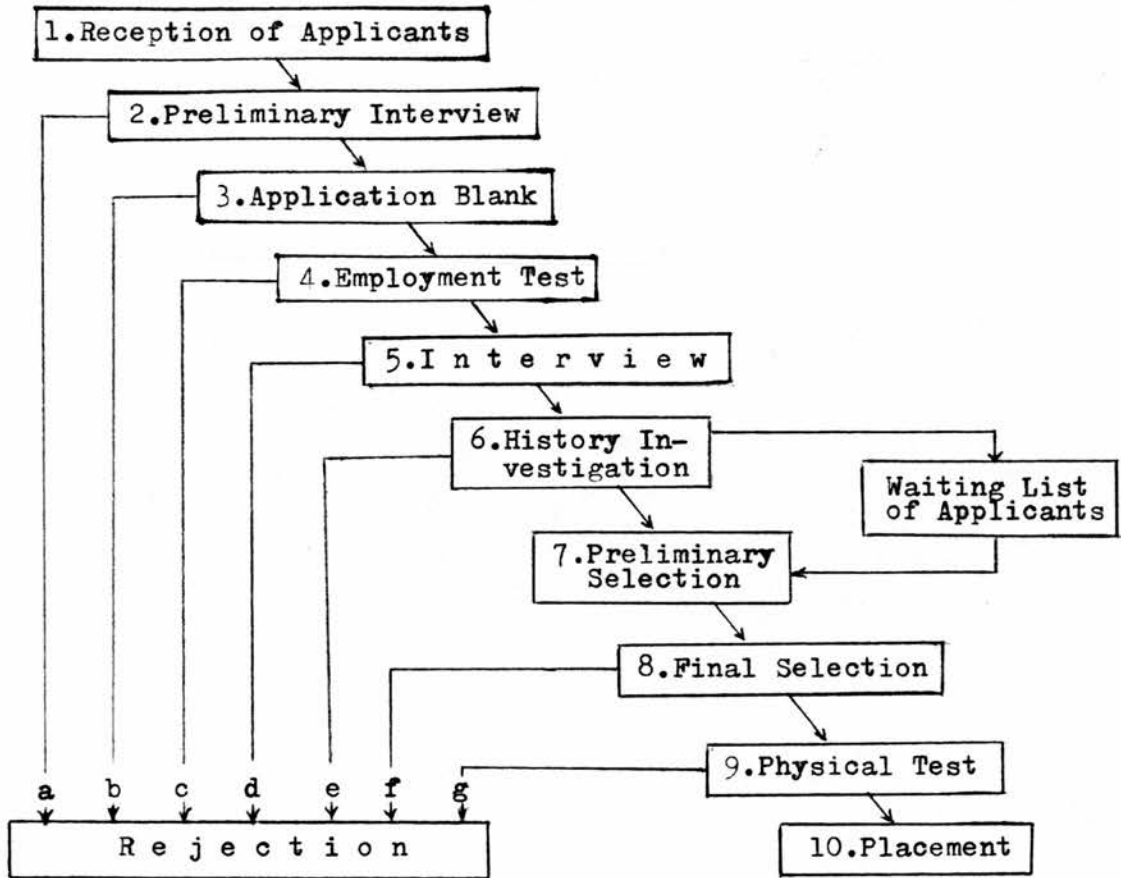
Selection process

The number of steps in the selection process and their sequence varies not only with the company but also with the type and level of job to be filled, the cost of administering the particular functions at each step, and the effectiveness of a step in eliminating unqualified candidates. The selection of candidates for some jobs may be accomplished successfully with only an interview, whereas several interviews, successive tests, and a physical examination may be needed for other jobs. While there is no one best or standard pattern for processing applicants, the following "ten steps" of selection process suggested by Uhrbrock⁽⁴⁾ have been widely disseminated and serve to illustrate the various steps that maybe involved:

- | | |
|----------------------------|--------------------------------------|
| 1. Reception of applicants | 6. Investigation of previous history |
| 2. Preliminary interview | 7. Preliminary selection |
| 3. Application blank | 8. Final selection |
| 4. Employment tests | 9. Physical examination |
| 5. Interview | 10.Placement |

A flow chart containing these "ten steps" of selection process is demonstrated in Figure 3.1.

The vast majority of selection processes are based on the "successive-hurdle technique", as Beach calls it.⁽⁵⁾ Each of the steps mentioned above, functions as a hurdle or a screening device. This implies that to be hired, applicants must successfully pass each hurdle. Some candidates are rejected at each step. An applicant may be rejected, for instance, as early as the application form stage because the education he has recorded may be insufficient to meet the established hiring requirement. The applicant who passes all of the foregoing screening steps is assigned to a vacant position in the company. This is the last stage of the selection process and at this point, induction and training follow.

Figure 3.1Flow Chart of Selection ProcessNotes:

^aPhysically unfit, personally objectionable, or unfavourable general impression.

^bUnfavourable personal data.

^cUnfavourable test scores.

^dUnfavourable second impression.

^eUnfavourable previous history.

^fNegative decision.

^gPhysically unfit.

Source: Uhrbrock, R.S., "Mental Alertness Tests as Aids in Selecting Employees", Personnel, 1936, vol.12, p.231.

Selection Criteria

Most employers in one way or another use several criteria to screen the applicants in the process of selection. In general, the criteria fall into three broad categories:

1. Ascriptive elements, which include the candidate's sex, age, marital status, health, family background, police record, etc.
2. Cognitive elements, which include the educational attainment, training, experience, general knowledge, skill, result of tests, etc.
3. Affective elements, i.e. assessment of the candidate's personal qualities, attitudes and aptitudes.

Depending upon the policy of the employers, the degree of importance given to each element may vary with the company and with the type and level of occupation to be filled.

A candidate for a managerial position, for instance, aside from education, is expected to have authority, initiative, leadership ability, integrity and a sense of human relations. In other words, cognitive and affective elements occupy a high place in the list of selection criteria. On the other hand, the unskilled worker is expected to be strong, healthy, punctual, honest and compliant. Hence, ascriptive elements are considered important.

3.3 Training

After a candidate has been selected, placed, and inducted, he will then be trained. The degree of importance or training depends on the system of labour control used in the company.

Bureaucratic control, for instance, requires training workers according to relatively complicated job descriptions, and it demands considerable time to assess the worker's performance. Therefore, unlike technical control, in which a new worker can be trained and evaluated within a relatively short time, bureaucratic control requires a longer time span.

Since the nature of training for non-managerial employees differs from that for people in managerial and executive positions, it is desirable to differentiate between "employee training" and "management development". Much of employee training is job or task-centered rather than career-focused, and is supplementary to the basic job and skill training obtained from other institutions, such as public and technical schools. On the other hand, management development, or executive training as it is sometimes called, includes the processes by which managers and executives acquire not only skills and competencies in their present jobs, but also capacities for future managerial tasks involving complex intangibles such as conceptual thought and powers of analysis and decision making.⁽⁶⁾

Jucius gives a definition for training as:

"any process by which the aptitude , skills, and abilities of employees to perform specific jobs are increased."(7)

Why is training necessary? Our public educational system is apparently oriented towards teaching broad knowledge and skills to enable people to cope successfully with their environment. Being broad, education is not designed to teach specific job skills for positions in particular companies or organizations. Even those who have studied a technical or professional field at school, must receive some initial training in the form of orientation to the policies, practices and ways of their specific employing companies. Therefore, even the most careful selection does not totally eliminate the need for training. As a matter of fact, no company has a choice of whether to train or not; the only choice is that of method. The theory that a company does not have any training costs because it does not have a training program, is far from the truth.

By trial and error, or by observing his fellow workers, a worker must train himself. The absence of a systematic training program generally results in higher training costs, not only because of the lengthened learning period but also because of the possibility that the worker will not learn the best operating methods.

Graham suggests that under favourable circumstances, training has the important dual function of utilization and motivation. By improving workers' ability to perform the tasks required by the

company, training affords better use of human resources. Also, by giving workers a feeling of mastery over their work and recognition by management, their job satisfaction is increased.(8)

In connection with the advantages obtained from training, Perrow has also remarked that "training appears to be associated with higher morale and greater commitment to organizational goals"(9)

Flippo summarizes the advantages expected from having a successful training as:

- a. increased production in terms of quantity and quality;
- b. reduced accident;
- c. lessened burden on supervision;
- d. increased organizational flexibility and stability;
- e. heightened morale.(10)

From these statements, we infer that successful training can be used as a means of controlling labour because training can motivate the worker to "behave in ways that lead to the attainment of organizational objectives."(11)

Training Methods

Various methods of training, either on or off-the-job, carried out within or outside the company, are being used in industry due to the differing needs of the individual company and particularly the level of job complexity.

The following lists the major employee training and management development methods.

Employee training methods

1. On-the-job training
2. Vestibule school
3. Apprenticeship
4. Other methods such as demonstration, simulation and games etc.

Management development methods

1. Self-development
2. Coaching
3. Understudy
4. Position rotation
5. Multiple management
6. Role-playing
7. Simulation
8. Case study
9. Special courses etc.

To describe and examine all of those methods is not our intention. It is, however, necessary to give a brief explanation of those methods relevant to this study. Undoubtedly, the most universal form is on-the-job training. This form of training always occurs, whether consciously planned or not. Not only does this method result in low costs, production is carried out during training, and there is no transition from off-the-job learning to actual

production. However, since this method of training involves instruction as well as supervision, poor instruction, excessive waste caused by errors, and the poor learning environment provided by the production area are disadvantages of this training.

Apprenticeship training is also a popular method. In Indonesia there is no apprenticeship training as in the West, where training is given by companies with supervision by the government (in the U.S.A.: Department of Labour).

In Indonesia, training similar to apprenticeships is run by the Department of Industry and Department of Manpower. The training organized by the Department of Industry covers vocational training such as: the use and repair of mechanical and electrical instruments, plumbing, building construction, carpentry, motor vehicle and motor car repair, vehicle body painting, etc. This department also provides mobile training units which travel from one regency to another to give basic training for a limited number of local industries. Training and courses administered by the Department of Manpower include general management, typing, shorthand, book-keeping and office management. Certificates are given to those who can satisfy the required qualifications. Owing to the limited facilities, only a limited number of trainees can be accepted at one period. Because the training is more of a "training for trainers" nature, companies do not send operatives but rather foremen, supervisors and administrative staff. The training fee is not substantial because the programs are sponsored by the government. As in employee training methods, some of the management

development programs are carried out within the company, such as coaching, understudy, position rotation and multiple management. Of these methods, multiple management is not found in our company sample and it does not seem to be popular in Indonesia.

Role-playing, simulation, special courses, etc, can be done within the company, taught by the available staff members or inviting instructors from outside.

In Indonesia, the companies appear to prefer to send their personnel to attend such courses organized by universities or management centres.

Perhaps we have to add one more method: training abroad, which is much sought after by executives in Indonesia. Not only can they have an opportunity to go abroad, but the certificate, experience and knowledge they obtain are also highly valued. Joint venture companies have so far given more chance to their personnel to be trained in their parent companies abroad.

In general, the higher the job, the more important general education and background become. Development for high positions should generally be supplemented by knowledge obtained away from the job. It would appear that both approaches: training on-the-job and training away from the job have their place in well-rounded management development programs.

3.4 Training Evaluation

If management invests in training programs for the workers, it understandably expects to see benefits derived therefrom. It is, however, a difficult task to measure the effectiveness of training programs because some jobs are not measurable in any significant way, and therefore evaluation of training for them can only be subjective. Kirkpatrick recommends the consideration of four main criteria for evaluation of training programs, i.e. reaction, learning, behaviour and results.⁽¹²⁾ Reaction refers to what trainees thought of the training programs, usually measured by questionnaire or interview. Learning refers to objective indicators or measures of the learning principles, facts, techniques and attitudes specified as training objectives. Behaviour refers to measures of job performances, and result is a category relating consequences of training to general organizational objectives. While other criteria may be appropriate to a specific program, these criteria provide a useful general basis for evaluation. According to Beach, principal evaluation procedures would normally include:

First, to pass out a questionnaire to the trainees at the completion of the program to obtain their opinions as to the usefulness of the training. Their opinions could also be obtained by means of interview.

Second, to measure the knowledge and/or skill of the workers at the beginning of training and at the completion of training by administering written or performance tests.⁽¹³⁾ The above

evaluation techniques do not measure whether what was learned in training is successfully transferred and applied to the job, or to put it in other words, whether a favourable change has occurred in the trainee's behaviour on the job.

A better way of measuring the worth of training is to use various indices of work performance and compare them after the training with measures before the training. Yet, there are shortcomings in this technique, for we do not know whether an improvement in the performance index was caused by training or achieved as a result of a combination of other factors such as better production planning, better supervision, new work methods, and improved material, as well as training.

The scientific approach of evaluation is to measure performance before and after training for both a control group that receives no training and an experimental group of trainees. To make a good comparison, both groups should be approximately equivalent in education, experience, skill and job conditions. However, this method is burdensome from an administrative standpoint.

As earlier indicated, one of the advantages gained from training is the "heightened morale". In this case, before and after training, figures on accident rates and analysis of absenteeism and labour turnover rates may demonstrate an improvement of morale and the effectiveness of labour control as a result of training.

Evaluation of a management development program is considerably more difficult because the management and executive jobs are more intangible, and data concerning changes in their job performance are difficult to obtain. Still more, it is almost impossible to determine which results are attributable to training and which to other causes. Although it is difficult, if not impossible, to get an objective proof that the management development programs have been successful, it is desirable to make an attempt in this direction, since a partial answer is better than none.

The most frequently used but least effective technique is to ask the trainees about the usefulness of the training after it has been completed. A better approach is that of measuring the group both before and after the training. As in the evaluation of employee training, an identical measurement process should be applied to a control group that has been carefully selected as equivalent to the trained experimental group in all things except the training experience. The measures may consist of attitude surveys and gauges of performance. Again, it should be noted that much subjectivity enters into evaluations, since exact standards and criteria are hard to devise. Quite often, one has to settle for opinions and subjective judgements in this kind of evaluation.

With reference to this case, McFarland points out that,

"much (management development) programs are sold on faith or as contributing to generalized organizational values. Companies can benefit greatly from basing their training on methods, policies, procedures and assumptions supported by research whenever possible."(14)

Before we close this section, it is worth mentioning that training function has long had low status in organizations, and many studies have shown it to be "poorly planned, badly conducted and rarely evaluated properly."⁽¹⁵⁾ Typical studies in the U.S.A. are those of French ⁽¹⁶⁾ and Shafer ⁽¹⁷⁾ showing that only two and a half per cent of companies carried out systematic evaluation of supervisory training and that most organizations spent less than five per cent of their training time and budget on evaluation. In Indonesia, like in many other developing countries, the situation is even more discouraging because most companies have not yet developed well-organized training programs and evaluation techniques sufficiently to ascertain whether they are getting full value from their training and management development investments.

From the above discussion, the following hypotheses will be examined in the present study:

- (1) The training evaluation techniques are inadequate to assess the impact of training on the job performance and therefore reduce the effectiveness of training as a means of labour control.
- (2) Companies in which more training is given to the employees have a lower rate of absenteeism.
- (3) companies in which more training is given to the employees have a lower rate of labour turnover.

These hypotheses will be examined in Chapter 6.

3.5 Job Satisfaction

Satisfaction is one of the important factors that makes a worker stay in a company and encourages the process of transforming labour power into productive labour. Megginson points out that:

"Job satisfaction varies directly and proportionately with the extent to which the needs of the individual worker which can be satisfied in a job situation are actually satisfied." (18)

When discussing job satisfaction, therefore, one cannot avoid relating it to the theory of human needs and motivation.

The assumption is that people work to satisfy needs, and apply drive or effort towards goals which provide the means of satisfying those needs. The greater the need, and the more relevant the goal to need satisfaction, the harder people will work. The individual is therefore motivated to the extent that a job provides need-related rewards or incentives. Though there are individual differences, it is believed that there are basic patterns of needs. The most widely acclaimed theory of human needs is perhaps that developed by A.H. Maslow. He postulates that there is a definite rank-order priority of human needs: physiological or primary, safety or security, social, esteem or ego, and self-actualization. (19) Maslow holds that individuals move through the levels in the hierarchy in the order listed. Until the more basic needs are reasonably fulfilled, a person would be unlikely to strive for a higher need. There are ways of satisfying human needs in the work environment. Using Maslow's hierarchy, Graham has made a table which shows for each

class of needs the chief ways in which satisfaction may be obtained at work. (20)

<u>Needs:</u>	<u>Ways of satisfying at work:</u>
1. Physiological, primary	Money/material incentives, physical working conditions.
2. Security, safety	Money, physical working conditions, insurance, pension, sick-pay schemes, trade unionism, security of tenure.
3. Social	Companionship of fellow workers and with superiors, trade-unionism, company social activities.
4. Ego, esteem	Job title, possession of a certain skill or expertise, position of authority, status symbols such as a company car, carpetted office, appreciation by superiors, etc.
5. Self-actualization	A job that is satisfying for its own sake, selfregulation, the opportunity to be creative and knowledge of results of work.

Individuals vary in the extent of their progress along this continuum, and the going gets harder as a person moves toward the ultimate goal - self-actualization. Maslow emphasizes that when a need is satisfied, it ceases to motivate, and motivation is then caused by the next higher need in the hierarchy. Higher needs are less concrete and more nebulous than lower needs.

When we are concerned with egoistic drives, we find that full satisfaction practically does not occur. People can always take more recognition, more praise, and more status.

Another widely known motivation theory has been formulated by F. Herzberg. (21) His research has developed two groups of factors

affecting satisfaction. The first group is labelled motivators or satisfiers as they seem to be effective in motivating the individual to higher performance and effort. These include: achievement, recognition, the work itself, responsibility, growth and advancement. These motivating factors are more closely related to Maslow's need-hierarchy, especially self-actualization. The motivators relate to job content, i.e. they are all factors inherent in the work being performed. Another group of factors are called dissatisfiers, or hygiene factors. They are also sometimes called maintenance factors. These include: company policy and administration, supervision, interpersonal relations, work conditions, salary and fringe-benefits. The dissatisfiers are all job environment factors, which can be managed, controlled or prevented from happening. The practical implication of Herzberg's theory is that if the hygiene factors are inadequate, the worker will feel uneasy and discontent. He may grumble, lower productivity, complain openly or even become antagonistic toward the company. However, if these factors are taken care of adequately, it would not necessarily motivate the worker to work harder or better. Yet, these factors do serve as a base upon which to aid the motivators to improve job performance. Satisfaction would generally be higher when both motivational and hygiene factors are present.

Relating Herzberg's theory to that of Maslow's need-hierarchy, Torrington and Chapman make the point that "while economic and similar rewards are essential to the satisfaction of lower-order needs, the higher order needs can be readily satisfied by the design of job content."(22)

Another motivation theory developed by McGregor contains two contrasting assumptions of managers about the behaviour of workers, called theory X and theory Y.⁽²³⁾ McGregor's theory is worth examining because assumptions about what motivates workers, and about the nature of the workers involved, underlie most managerial behaviour and policies on the development of human resources. According to McGregor, the traditional managerial view regarding people in work organization is that the average worker has an inherent dislike of work, avoids responsibility, wants to be closely controlled, lacks ambition, and, above all, wants security. In disagreement with the assumption of theory X, McGregor submits an opposing theory, called theory Y, as a more realistic assessment of the capabilities of workers. Theory Y assumes that work is a natural and welcome activity which need not be externally controlled if the worker is adequately motivated; that workers will seek responsibility and that they can give valuable help in solving work problems.

That these managerial views would influence the managerial policies in controlling the workers, is indisputable. If a manager's views on his workers coincides with that of theory X, then he tends to exercise close control, to coerce workers and to use economic incentives in order to get them to exert sufficient effort to attain organizational objectives. In practice workers are induced to produce through the "carrot and stick" policy. McGregor explains that the "carrot and stick" policy of motivation, which goes along with theory X, may work reasonably well under circumstances where a

worker is in the category of striving for the lowest two needs: physiological and (within limits) security needs. By these means the worker can be controlled so long as he is struggling for subsistence. "Man tends to live for bread alone when there is little bread."⁽²⁴⁾ But the "carrot and stick" policy may not work once man has reached an adequate subsistence level and is motivated primarily by higher-order needs.

In developed countries where management has provided relatively well for the satisfaction of the first two needs, and the standard of living is relatively high, people do not suffer major deprivation of their primary needs except perhaps during periods of war or severe unemployment. Under such conditions people are seeking to satisfy higher-order needs. One study of managers in the U.S.A. and England made by Haire et al. reported that belonging, esteem and self-actualization needs are progressively striven for.⁽²⁵⁾ Under such conditions, if management concentrates its attention on physical needs, the (economic) incentive is bound to be ineffective (except as a symbolic value, which will be discussed later).

How about the workers in Indonesia, where many live in subsistence conditions and where many former rural workers with low education are still in the process of adapting themselves to an industrial environment? As mentioned earlier in this chapter, paternalism is a remarkable feature of the Indonesian management style. In paternalistic management, the "carrot and stick" approach is to some extent employed to control labour in the labour process. Economic

rewards remain to be considered as one of the most basic elements to attract and retain workers. The autocratic approach (benevolent?) remains to be seen as a useful controlling device, in particular for unskilled workers.

Nonetheless, a word of caution should be raised to this particular issue. In the West as well as in developing countries, employers tend to underestimate the potentialities of their employees. One thing that needs to be seriously considered, is that "assumptions can represent a self-fulfilling prophecy". McGregor explains that if managers assume the workers to be of theory X type, the resulting managerial policies (e.g. close control, coercive, autocratic) may well be the cause of workers' behaviour which appears to confirm the original assumptions, such as "indolence, passivity, resistance to change, willingness to follow demagogue, (and) unreasonable demands for economic benefits."⁽²⁶⁾ Furthermore, the behaviour of man is also heavily influenced by the culture of which he is a part. It has been known that the Indonesian culture is potently characterized by the spirit of kekeluargaan (familyism) and gotongroyong (mutual assistance), in which the need for cooperative relationship is strong. Obviously, this need is not basic, but is listed with the secondary needs (social needs) in Maslow's hierarchy. E. Mayo's research also confirmed that workers acted in natural solidarity with their fellows, not as isolated individuals. Mayo has developed an image of man as a creature of sentiments and non-logical thinking, whose overriding motive is "the desire to stand well with his fellows."⁽²⁷⁾ Undoubtedly, financial incentive would not be a

motivating factor to drive workers to be congenial and adhesive to their fellow workers. Nevertheless, conditions can be created by providing an organizational environment in which workers can fulfil their "eager human desire for cooperative activity", and thereby satisfy their social need.(28)

Therefore, in practicing paternalistic management, the Indonesian managers should not make a generalization that the "carrot and stick" approach is the only appropriate policy to control workers in the labour process. Different approaches should be carefully applied in the light of particularities. Favourable conditions in the labour process, under which workers can develop and behave as a "mature being", should be created and fostered by properly conceding some elements of authority and responsibility to workers. Thereby they may use their discretion in the process of production ("responsible autonomy").

From the discussion above, the following hypotheses emerge.

- (1) Primary and security needs remain to be considered important needs to be satisfied.
- (2) Social needs are also seen as important needs to be satisfied.
- (3) Companies in which more employees express their satisfaction, appear to have a lower degree of labour absenteeism.
- (4) Companies in which more employees express their satisfaction appear to have a lower degree of labour turnover.

These hypotheses will be dealt with in Chapter 7.

3.6 Financial Rewards

Among the numerous devices for controlling labour, i.e. for eliciting the loyalty, cooperation and effort of workers that lead to the attainment of organizational goals, are the various forms of economic rewards. The primary economic reward is paid in the form of wages or salaries, sometimes known as compensation or remuneration. This may also take the form of non-wage financial payments known as fringe-benefits or supplemental pay.

Compensation is important to both the company and the workers.

The company sees wages as a large proportion of its total operational expense, and this cost factor interacts with total revenue to determine the company's financial success and assure its competitive position. Therefore, for the company, the compensation objective should be to establish high enough wage rates to attract and retain workers, and to serve as a stimulus to production. At the same time, the rate should be as low as it is practical in order to improve profits and to attract new capital. On the other hand, compensation deserves weighty consideration from the individual worker's view, because it is usually his principal source of income to support his family. It is also important in that it determines the recipient's status in the social system.

Thus, "the worker's absolute level of income determines his scale of living, while his relative income indicates his status, prestige,

and worth." (29) Also, the concept of equity demands that an individual should be "fairly" compensated for the work he performs. This concept implies that the worker will receive a rate of pay that is "fair" in relation to his work, the prevailing rates for comparable work in the company and community, and the difficulty and responsibility of the work assigned. The concept of "fairness", however, is subjective. Whether or not compensation is equitable depends not only upon analysis by management but also upon the perceptions and views of the recipient of that compensation. Even if remuneration is above the going rate in the community, if it is lower than that of a fellow worker who does essentially the same kind of work, it could be seen as inequitable in the eyes of the worker.

According to T. Achinson and W. French, research with respect to perceived equity of compensation suggests that workers will compare their rewards, costs and investments on a job, with those of other workers. (30) They specify that rewards are composed of wages, status, opportunity, and job interest. Costs include boredom and discomfort at work, while investments are made up of age, seniority, experience and education.

If the worker perceives a difference or dissonance upon such comparison, he will tend to act to reduce it and achieve consonance. He may grumble, ask for a raise, be absent more frequently, help establish and maintain output quotas, or quit the job. Some experiments tend to support the hypothesis. In one

study, it was found that the underpaid group sought to reduce dissonance by perceiving their inputs as smaller relative to the equitably paid.⁽³¹⁾ Another study suggested that the underpaid group restricted their output by taking longer breaks.⁽³²⁾ Thus, the determination of a "just" wage is not a matter which can be dealt with only by the employer, or by the employer in conjunction with a labour union.

In brief, compensation can have three major purposes:

(1) to recruit and retain workers in the company; (2) to control labour costs; and (3) to motivate workers to higher levels of performance.

There is general agreement that a well-constituted system of base compensation for the job will accomplish the first two goals. But there is considerable argument as to whether or not pay can actually motivate workers to higher levels of performance.

The principal question is therefore: "does money motivate?" If it does, it could be a valuable managerial tool to control labour. The answer is controversial because there is no generally accepted wage theory that conclusively explains the motivational effect of compensation. Many classical writers tended to emphasize the motivating value of wages. They believed that there is a direct and positive relationship between expected compensation and worker productivity. F.W. Taylor, for example, was among the first who

considered money the only reward which workers seek in their job, based on his strong view that workers are rational homo-economicus,⁽³³⁾ and therefore, the payment system can be used as a managerial tool to control workers at work. Thompson, a labour economist, in a study of several tractor manufacturers in the U.S.A., found that higher wages are more important to workers than any combination of non-wage incentives. He concluded that,

"if there were a complete reorganization of American industry, with workers' psychological satisfaction given priority over technical considerations, wages might play a smaller role in motivating workers. However, until this unlikely goal is reached, wages are still the most central issue in labour relations."⁽³⁴⁾

In India, Nath Singh and Wherry, Sr. made a survey of factory workers, and reported that they (the workers) give top priority to job security, earnings, and personal benefits - all lower-order needs.⁽³⁵⁾

Another study of factors leading to job satisfaction in Australia also found that unskilled workers emphasized pay at the expense of self-actualization needs.⁽³⁶⁾ These are examples of studies supporting the assumption that compensation could motivate workers.

On the other hand, human behaviourists, who assume that compensation plays a small role in motivating workers, believe that "man does not live by bread alone." According to this school of thought, there are many different motives to produce, with quite a few different kinds of motives in general, but none of them is a specific

substitute for satisfaction.⁽³⁷⁾ So, money alone is not enough. It is not uncommon for persons to change to jobs paying less money in return for such intangibles as prestige, equitable treatment, or pride. Herzberg et al. also postulate that "money itself is valued less for what it will buy than as an evidence of successful skill in achievement."⁽³⁸⁾ Behrend points out that there is no direct statistical relationship between the application of incentive schemes and increase outputs.⁽³⁹⁾

Then, back to our question: "does money motivate?" Apparently, there is no straight "yes" or "no" answer to the question. However, we shall attempt to synthesize the differing opinions.

The best explanation for the matter could probably be found in the statement of the director of education and training for the 3M company. He said that:

"Money is important, naturally; it's the way we keep score. It's also the measure of the esteem a man thinks the company places on him. But unless a company adds other motivators to money, it's in for tough sledding."⁽⁴⁰⁾

In relation to this statement is McClelland's achievement study, in which he found that persons who score high in achievement motivation on psychological tests do not work harder for the prospect of making more money alone. They are motivated by the love of accomplishment, interest in their work, and by success itself. The money comes afterwards and of course is appreciated. On the other hand, people with a low-achievement drive will quite often work for more money when it symbolizes something that they dearly want.⁽⁴¹⁾

The aforementioned statements have marked a substantial departure from one of the basic principles of the scientific management movement, which established its rules around compensation based on measurement of each worker's output and regards workers as rational homo-economicus. The concept of "economic man" is in fact not necessarily incorrect; it is incomplete. Man is motivated by money and by other needs. Megginson suggests that money does have either a positive or negative effect as a stimulus to productivity depending on the individual's needs and perceptions. It will have a positive stimulus when: the person's income is insufficient; he feels he is adequately rewarded for his effort; and other factors allow him to feel positive about his wage. The last part of his statement includes the notion that aside from being used to satisfy physiological needs, money is also important for what it symbolizes. It provides a symbolic value as a measure of recognition for accomplishment, status, and place in the society. On the other hand, the effect will be negative when: the material needs are minor in his need hierarchy; he feels he is unfairly rewarded for his efforts, and peripheral factors are not satisfied.(42)

Permeating all the previous analyses and statements, it can be concluded that a worker engages in work activities not only for financial rewards, but also to satisfy other needs. Until a worker satisfies his physiological needs, compensation does serve as a motivator. Wages plus job security may even motivate through the safety needs of Maslow's hierarchy. Above that level, wages tend to

decline in importance as stimulants to productivity, and other stimulants achieve greater significance.(43)

Alfred Marshall expressed this truth in economic terms when he stated that,

"A man will work up to the point where the marginal utility of the income he derives from his work equals the marginal disutility he incurs in the effort to acquire it."(44)

To sum up, much of management's opportunity for utilizing the motivation (and control) of people at work lies in the field of non-financial incentives, once the pay is high enough to assure the satisfaction of basic physical needs.

3.7 Benefits and Services

The wages paid to the workers are not the only remuneration they receive from their employer. Nearly every company provides its workers with remuneration over and above basic wages, in the form of benefits and services. The underlying reason for this practice can be found in the ethical belief that employers are morally responsible for the welfare of the workers and their families. This moral responsibility is undoubtedly stronger in the paternalistic management system because the employers are regarded as benevolent parents.

In the West, where the paternalistic approach has fallen into disrepute, benefits and services programs are no longer initiated by fatherly, benevolent employers, but are a requirement imposed by government, competition, or by labour unions. The term "benefits and services" is widely used to designate this area of human resources management practice, but other terms such as fringe-benefits, employee services, supplementary compensation and benefits and welfare facilities are also used. In general, benefits and services programs serve to satisfy the specific needs of the workers in the hope that this satisfaction will be reflected favourably in improvement of morale, in generation of a greater feeling of belonging and loyalty, and in a positive public relation image.

Flippo has grouped the coverage of these programs into three basic types: economic, facilitative and recreational.⁽⁴⁵⁾ Economic service programs seek to provide some additional economic security over and above basic pay and related incentive payments and bonuses, such as: pensions, insurance and family benefits. Facilitative services are conveniences which the worker ordinarily requires and would seek for himself if they were not provided by the company. These include: housing, cafeterias, medical services, etc. Recreational services are primarily directed toward amenities, sports and social events. The expected returns to the company from benefits and services programs can take various forms, most of which are usually not subject to quantification. Economic service programs, for instance, are provided because of a concern for the

economic welfare of the workers. The employer hopes for improved morale (or to prevent the deterioration of morale?) as a result of lessening workers' worry over economic security. There are many kinds of facilitative services with different expected returns. With cafeterias, for instance, although again, morale is taken into account, improved nutrition is probably the more important result. Medical services, on the other hand, are intended to improve workers' health. Whether these returns will induce workers' productivity is a different matter.

Recreational programs which cover sports and social events may promote an informal atmosphere through the contacts and relationships built up in particular recreational events. Not only does a worker get to know other workers, but he also has an opportunity to come in contact with members of management in an atmosphere not directly affected by the chain of command and formalities. This, in turn, may provide a basis for accepting management as a group of individual human beings, rather than as impersonal "threatening" superiors. Unseparated cafeteria can also create this kind of relationship.

The original objective of benefits and services programs is, in principle, to improve workers' morale and in turn, it is expected to encourage greater productivity. In practice, however, many of the organizations which took the initiative in instituting these programs, are becoming disillusioned with the results.⁽⁴⁶⁾ Some studies indicate that these programs act more as maintenance

(hygiene) factors than as motivators. Therefore, Flippo suggests that "morale is benefited only in the sense that the services prevent a deterioration of morale which would have occurred had the services not been offered." (47)

Regardless of the absence of motivational effects, benefits and services programs are integral parts of worker compensation, and they will continue to make up a significant portion of most personnel department budgets. They serve to attract and keep a work force in competition with other organizations. They also serve to maintain some degree of peace with labour unions. But when it comes to the task of motivating workers to higher efforts on the job, other measures are necessary.

It is safe to say that the overwhelming majority of all welfare programs are taken on faith rather than justified in money value.

In the Indonesian case, benefits and welfare facilities stemmed from the strong spirit of kekeluargaan ("familyism") in the paternalistic Indonesian society. Employees are expected to take the view that they have entered a "family" and in return for the privileges they receive, are to fulfil the duties expected by the employer as the head of the family. Needless to say, these benefits and welfare facilities are designed and operated as part of the employer's policy to commit employees to the company and encourage loyalty. In other words, to increase management control over the workers. Furthermore, benefits and welfare facilities serve to compensate for

low wages, and many workers respond affirmatively to this kind of management policy.

On the basis of the foregoing discussions, the following main hypotheses will be examined:

- (1) Financial rewards remain to be seen as one of the most basic resources to satisfy employees' needs.
- (2) Companies in which the wage standard is higher, tend to have a lower rate of labour absenteeism and labour turnover.
- (3) Benefits and welfare facilities are seen as important factors to supplement the workers' wages.

These hypotheses will be investigated in Chapter 8.

3.8 Payment Systems and the Concept of Equity

Another important issue, particularly in relation to the concept of wage equity, is the wide practice of wage systems in which pay is not directly linked to job performance, but is based more on consideration of ascriptive factors such as: sex, age, marital status and family size, and cognitive factors such as: education, seniority and length of service. Thus, the compensation is paid according to "who a person is" rather than "what job does a person do". Patten, for instance, studied the actual distribution of pay rates of thousands of non-union salaried employees in a conglomerate type company.

He compares performance ratings with the positions of the people within their pay-grade ranges. He found that length of service and age were much stronger correlates of a man's pay than his proficiency rating. He found that people with extensive years of service almost invariably carried along into the top quarter of their rate ranges regardless of their efficiency rating.⁽⁴⁸⁾ Lawler had a similar finding in his study of the compensation of managers in a variety of organizations. There was very little relationship between their pay and their rated job performance.⁽⁴⁹⁾ R. Dore also found that for most industries in Japan, the base pay system involves payment according to the worker's age, sex, marital status and length of service.⁽⁵⁰⁾ In relation to this particular problem, Kearney puts forward five factors that tend to discourage companies from practising "pay-for-performance concept", i.e.:

(1) the pay policies that tend to give more attention to satisfying higher-order needs; (2) the ability of the company to pay; (3) the complexity of measuring performance; (4) the influence of labour unions, and (5) inflation and cost of living.⁽⁵¹⁾

As to the difficulty of measuring work performance, Whyte confirms the truth when he states that,

"establishing standards is a human relations problem which may remain unresolved even with the use of all the techniques of work measurement."⁽⁵²⁾

Whyte is undoubtedly correct, but, management still have the practical problem of finding an acceptable proxy for productivity. Apparently, length of service and education are reasonable proxies

for productivity. [Blaug (1970, Kiker (1971) and Schultz (1971).] Length of service is a reasonable proxy for productivity because, as a worker acquires more work experience (either through training and/or 'learning by doing'), he is expected to have a greater efficiency. Up to a maximum point, however, experience tends to become obsolete with the decline of physical vigour and/or technological innovation. Educational attainment is also a proxy for productivity, because the better educated employees are generally more motivated, benefit more from work experience and training. Therefore, they are generally more productive than the less educated even when their education taught them no specific skills. It must be conceded, however, that, like length of service, education is also subject to obsolescence after a passage of time. These issues will be discussed more thoroughly in Chapter 9, which deals with Earnings Function Analysis.

In our Indonesian case, payment system appears to be related to length of service, age and education.

The chief justifying principle of service-linked benefits, aside from productivity consideration, is that years of loyal devotion deserve recognition. It is a principle which can apply both in traditional paternalistic management, as well as in modern forms of welfare corporatism. Parallel to length of service is worker's age. The justification of age-linked benefits is partly that experience grows with age and therefore makes a man's work more valuable (a market principle), partly that family responsibilities

increase with age (a paternalistic welfare principle), and partly that prospects of a regular career progression increase satisfaction and hence commitment to the job. The justification of education, apart from productivity consideration, is that educational credentialism is commonplace in Indonesia. In so far as labour control is concerned, the payment system exercised by the Indonesian employers is compatible with the Indonesian situation, and therefore the payment system seems to be an effective managerial tool to control workers.

In the Earnings Function Analysis, an important issue emerges. Contribution of education to worker's earnings tends to increase with length of service. This phenomenon, however, may also represent a decreasing contribution of education to the earnings of the more recent cohorts of employees.

This results in wage differentials among the employees with the same job but of different times in employment. In turn, this may induce potential discontent among the younger cohorts as they see it as contrary to their wage equity concept. This particular case receives special discussion in Chapter 9, where Earnings Function Analysis is applied. On the basis of the foregoing discussions, two hypotheses emerge:

- (1) Payment system seems to be an effective managerial tool to control workers.

- (2) While the contribution of education to earnings tends to increase with experience up to a certain length of service, it also represents a decreasing contribution of education to earnings for the more recent cohorts of employees.

These hypotheses will be examined in Chapter 9.

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CHAPTER 4

CHAPTER FOURTHE COMPANIES4.1 General

In the first part of this chapter, the distribution and position of the respondents in each company are presented in Table 4.1. It continues with the description of general characteristics of the companies under study. The location, age, and ownership status of the companies are displayed in one table (Table 4.2), together with brief features of the labour force and workers' earnings. All of these characteristics are shown in one table so that brief comparison between companies can be made more easily.

Table 4.1Distribution of Respondents by Company and Position

Company	Code	Position					Total
		Top	Mid	Adm.	S/F ^a	W ^b	
Textile 1	T1	4	7	9	10	20	50
Textile 2	T2	- ^c	10	10	10	20	50
Textile 3	T3	5	10	5	10	20	50
Textile 4	T4	4	7	10	10	19	50
Chemical 1	C1	2	10	8	10	20	50
Chemical 2	C2	5	10	5	10	20	50
Electronics 1	E1	2	10	8	10	20	50
Electronics 2	E2	2	10	9	9	20	50
Total		24	74	64	79	159	400

^aS/F: Supervisor/Foreman; ^bW = Manual Worker

^c- : there is no top management position for the Indonesian employee.

Table 4.2Some Brief Characteristics of the Companies

Company	T1	T2	T3	T4	C1	C2	E1	E2	ALL
Location ^a	P	P	PS	PS	S	M	W	SB	
Distance from SB (Km)	60	65	70	75	30	45	15	0	
Year established	'33	'74	'62	'68 ^b	'69	'69	'70	'68 ^b	
Ownership status ^c	L	JV	G	JV	L	JV	L	JV	
Foreign shares (%)	-	67	-	50	-	67	-	67	
Govt. shares (%)	-	-	100	50	-	-	-	33	
Domestic shares (%)	100	33	-	-	100	33	100	-	
Management ^d	I/IC	H/I	G	B/G	IC	J/I	IC	D/G	
No. of Labour force	987	1371	927	1119	974	756	1702	555	
No. of interviewed	50	50	50	50	50	50	50	50	400
Worker's average age	37	29	38	37	33	34	28	35	33.5
On the job > 5 yrs (%)	84	54	98	96	90	94	68	90	84
Average wage ^e	93	68	97	105	136	200	149	203	129

^a P = Pandaan; PS = Pasuruan; S = Sidoarjo; M = Mojokerto; W = Waru; SB = Surabaya.

^b Companies T4 and E2 were originally established in pre-war time. 1968 was the year when the joint-venture was formed.

^c L = Local/domestic; JV = joint venture with foreign nationals; G = Government.

^d I = Indonesian; IC = Indonesian Chinese; H = Hongkong; B = British; J = Japan; D = Dutch; G = Government.

^e Average monthly wages in thousand rupiahs.

Rate of exchange at the time of survey: 1 US\$ = Rp.970.

As shown in Map 2, company E2 is in the city of Surabaya; E1 is in the outskirts of Subarabaya; companies T1 and C2 are located on the main roadside; C1, T3 and T4 are on the subsidiary roadside, and company T2 is in a rural area but still within easy reach by car. These companies are supposed to represent the locational distribution of all companies in East Java, stretching from Surabaya city to rural areas. Examining the age of the companies at the time of the survey, we find that they range from 7 to as old as 48 years. There is a positive correlation between the age of the company and that of the workers. With the exception of company T3 (state owned), older companies tend to have older workers. (Table 4.3)

Table 4.3

Age of Companies by Average Age of Workers (Yrs.)

<u>Company</u>	<u>Age of Coy.</u>	<u>Av. Age of Workers</u>
T1	48	37
T2	7	29
T3	19	38
T4	40 ^a	37
C1	12	33
C2	12	34
E1	11	28
E2	39 ^a	35

^a Counted since it was established before the War.

Company T4 was originally an Anglo-Dutch company and Company E2 was a Dutch company. Both were founded before World War II. These companies were nationalized in 1959, but in 1967 the "New Order" Administration returned the companies to the owners and since 1968 both have been converted to joint-ventures with the Indonesian Government as a partner. The Dutch counterpart in Company T4, however, decided to quit. At the time of the survey, all companies were operating on a three-shift system.

As to ownership, half of the companies are joint ventures, one is state-owned (T3) and the other three (T1, C1 and E1) are locally owned. Following is the nationality of the foreign partners in the joint-ventures and the proportion of the invested capital between partners.

<u>Company</u>	<u>Partner</u>	<u>Share (%)</u>
T2	Hongkong-Indon. (local)	67:33
T4	British-Indon. (Govt.)	50:50
C2	Japan-Indon. (local)	67:33
E2	Dutch-Indon. (Govt.)	67:33

Only in one of the four joint ventures, i.e. Company T4, where the shareholding is fifty-fifty, does the Indonesian partner hold the top management position (President Director). In Company T2, the highest position held by the Indonesian is middle management^e, whereas in companies C2 and E2, the highest Indonesian position is the

second rank top management subordinate to foreign expatriates. This evidence seems to indicate that the composition of the shareholding correlates to the position of management held by the partners in that the major share-holder tends to hold the higher management position. Bearing in mind that the number of our sample is very small, this indication should be treated with caution.

The capital-labour ratio in each company shows that in joint-venture companies the ratio is higher than it is in domestic companies. This can be seen in the list below.

<u>Company and status</u>	<u>Capital-labour ratio^a</u>
T1 (local)	2,925 :1
T2 (joint venture)	4,512 :1
T3 (government)	4,004 :1
T4 (joint venture)	4,837 :1
C1 (local)	2,646 :1
C2 (joint venture)	8,537 :1
E1 (local)	3,294 :1
E2 (joint venture)	8,017 :1

^a investment in thousand million rupiahs.

This implies that joint-ventures appear to be more capital intensive than the domestic ones.

This particular matter will be dealt with more thoroughly in Chapter 10.

An interesting feature appears when we examine the composition of occupational category in each company. We find that the state-run Company T3 has employed more clerical employees than the other companies, implying a higher degree of bureaucracy in this company than in privately-owned companies.

<u>Company</u>	<u>Clerical Workers (%)</u>
T1	2.7
T2	1.5
T3	6.0
T4	1.2
C1	2.5
C2	3.3
E1	3.5
E2	3.2

Whether this kind of feature is a general phenomenon in state-owned enterprises, deserves further investigation. This evidence is identical with Peil's finding in her study on Ghanaian workers, where state-owned enterprises employed, on average, at least twice as many clerical workers as other firms of the same size and type.⁽¹⁾

Concerning the wage rate, we can group the companies into two clusters. The first cluster consists of textile companies, the second of chemical and electronic companies. The following list reveals that the wage rate in the first cluster is lower than in the second.

<u>First cluster</u>	<u>Average wage^a</u>	<u>Second Cluster</u>	<u>Average Wage^a</u>
Company T1	93	Company C1	136
Company T2	68	Company C2	200
Company T3	97	Company E1	149
Company T4	105	Company E2	203

^a in thousand rupiahs per month. Grand average: 129

4.2 Brief Characteristics of the Companies

Company T1, founded in 1933, is the oldest company in our sample. The shares are entirely in the hands of an Indonesian-Chinese family. (Indonesian citizen of Chinese origin, also called non-pribumi, non-indigenous). Although the managing director is a paid indigenous Indonesian, many key positions are held by members of the family, and above all, the retired senior member of the family, who acts as an adviser, retains some control over important decision making. Half of the top-management and 40 per cent of middle management are Indonesian-Chinese. Most of the machinery dates back to the 1930's or even earlier. About

one-fourth of this was replaced with Japanese-made machinery between 1977 -1978. Two Indian experts in product development have been retained because "they are not replaceable yet". This company produces: mosquito net, kitchen and bath towel, blanket and fine fabric. They claimed that 20 per cent of their bath-towel product had been exported to Holland. Like many other textile companies, this company has also been hit by the general market slow-down due to the current economic recession and illegal textile imports. Realizing the gloomy picture in the textile market, this company has diversified its activities by joining a group of companies manufacturing high quality plastic bottle/container, safety-match, trade and import-export business. This group is organized by members of an extended family to which the shareholders of Company T1 belong. This company has a small number of houses for the senior staff. A cafeteria, a small lounge and a musholla (a room for Friday prayers) are provided on the company premises. To illustrate the paternalistic nature of the management: some manual workers of over 60 years of age are still employed solely for humanitarian reasons.

Company T2 was established in 1974 in the form of a joint-venture between Hongkong and Indonesia with 3 to 2 proportion of shares in favour of the Hongkong partner. In an off-the-record statement, workers on the shop-floor complained both that the wage rate was low, and that the foreign expatriates are autocratic. At the beginning there were 23 foreign expatriates working in the company; the number has been gradually reduced, there are six of them at the

time of our survey. They are top-managers, engineering experts and a quality controller. The products are: yarn, fabric and jeans. Facilities for the workers look scanty in this company. There is a cafeteria, but musholla is not provided. There is a small lounge for the senior staff only.

Company T3 is a state-owned textile company producing yarn and a range of inexpensive fabrics. As mentioned earlier, older companies tend to have workers with a higher average age. Company T3 is an exception. It was founded only 19 years ago, yet the average age of the workers and even much more so, the percentage of workers older than 30 years of age, is higher than it is in the older companies. Workers on the job over 10 years stand for 80 per cent, obviously higher than in other companies. In terms of remuneration, the average wage in this company is about 10 per cent lower than its neighbouring textile Company T4, but it is higher than the average wage of the other two textile companies. Why do the employees stay? The statement of the personnel manager seemed justifying when he said that retirement pensions and other welfare services are the main attracting factors to retain the employees. As we know, retirement pensions are rarely available in Indonesia, except in state-owned companies. On top of that, job security is much more secure in state-owned companies. Other pull factors in this company are available facilities such as: housing for senior staff, cooperative shop, loan and saving cooperative club, spacious common hall, cafeteria, library, musholla and sports ground.

The employees are also encouraged to form an association of employees' wives and rotating saving club. The club, which is called arisan has been very popular in Indonesia. It is an organization which consists of a group of people who each pools a certain equal amount of money. Every certain period (usually a month) they have a meeting in which a batch of the members by drawing lots may have a chance to win the whole amount of money pooled. In the next meeting, those who have won are not allowed to draw the lot anymore, but they are obliged to pay their share. In this way, each month the winners rotate until the last batch get their turn to collect the money. Usually a complete cycle is twelve months, therefore, the number of the members should be twelve or a multiple of twelve persons. In this company, the pooled money is directly deducted from the pay-roll to prevent delinquency. During the meeting, snacks and drinks are provided at the expense of the winners. The meeting is usually held each month at the week-end after pay-day. The value of fostering this kind of activity is that it stimulates the employees to save some of their earnings, and at the same time they have an opportunity to get together with their colleagues outside the job so as to promote congeniality. Another logical argument as to why the workers stay is probably the fact that Company T3 is located about 10 Km. outside the small town, Pasuruan. Within 5 Km. radius from this company no other factory is in sight.

Therefore, it is not easy for the workers to get employment with a regular wage. The alternative is working as a seasonal or casual

worker, fisherman, building construction worker or peddler, all of which are less attractive because the worker cannot get a regular income to support his family. Notably, 78 per cent of the workers cluster within 5 Km. around the factory. Another remarkable feature in this company is that the managing director has held several positions outside the company, such as member of local government development board, adviser of the local pribumi (indigenous) traditional textile producers and member of several public committees. He is always invited to attend public ceremonies and national day mass meetings, and he is continually dealing with the bupati (regent) and other local government authorities. Thus, his activities outside his own job are characterized by greater formality, and a higher incidence of scheduled and clocked meetings with outside groups, mainly with local government authorities. This feature appears to fit with Mintzberg's finding that top managers in public organizations spend more time in formal activity in the community and more time in meeting with outside groups than do managers in private-owned organizations.⁽²⁾ His appointment as adviser to the local traditional textile producers is to carry out the government assignment that state-owned companies should act as "foster parents" or a guidance and counselling body to the local undertakings in its area.

Company T4 is a joint venture between the Indonesian government and a British company in a fifty-fifty shareholding. The management in this company has been made jointly, in which, the President Director is an Indonesian while a Briton holds the managing director

position. There were three other foreign expatriates at the time of the survey. In 1970 some of the machinery was replaced and new spinning machines were added later. They produce a range of good quality fabrics and sewing thread. The slow-down of the textile market has induced this company to concentrate on producing more industrial and household sewing thread. In an attempt to rationalize their production, they had been cutting the number of the labour force quite drastically. In order not to violate the existing law, employees were offered voluntary redundancy, which gave them attractive severance pay commensurate with their length of employment. For each year of employment, one month's wage is paid as severance pay. During the last two years, some 400 employees had taken up this offer. The manager planned to reduce by some 250 more employees to squeeze the number of labour force down to 750. The disadvantage of this policy is the "flight" of some senior and experienced employees who are in fact valuable human assets to the company. In the premises of this company, some bungalows are provided to house the senior staff. A school bus is also provided to send and pick-up the children from schools which are about 8 Km. away in the centre of the town Pasuruan. A common lounge, cafeteria, musholla and tennis courts are provided.

Company C1 is owned by an Indonesian-Chinese family. It has a sister company in another town, also in East Java, which produces the basic materials to be processed by Company C1 into its final product: mono-sodium glutamic acid. Top-management positions in this company are almost totally in the hands of the owner and his

family. Unlike in Company E1, as we shall see later, an atmosphere of "Chineseness" is not felt in this company. The likely reason is that the managers are Western (Dutch) educated. They claimed that 10 per cent of their product was exported to several countries in Asia, Europe and Canada. Cafeteria, musholla and a common lounge for the workers are available.

Company C2 which also produces mono-sodium glutamic acid is a joint-venture between Indonesian and Japanese companies. The parent company is a multinational corporation with eight subsidiaries in France, Brazil, Peru, U.S.A., Thailand, the Philippines, Malaysia and Indonesia.

They claimed that some 10 per cent of their product was exported to some Asian countries, Australia, Europe and U.S.A. The data recording seems to be well-managed in this company. At the beginning there were 9 foreign expatriates, but at the time of the survey, the number had been reduced to 6 persons. A musholla, a cafeteria and a common lounge are available. A small number of houses are provided for the expatriates and some senior staff.

Company E1 is an expanding company owned by the family of a wealthy Indonesian-Chinese in Surabaya. Top-management positions are largely in the hands of the family members. Some 40 per cent of mid-management positions are held by Indonesian-Chinese. Like in most Chinese enterprises, the authority tends to be centralized in the senior members of the family. No important decisions could be

taken without their approval. This company produces a wide range of electronics and cassette-tape under the license from a company in Japan. It has a sister company in Nigeria which also produces audio-visual products but not cassette-tape.

They claimed that 80 per cent of their cassette-tapes were exported to countries in Africa. In order to avoid putting all their eggs in one basket, this company has made the decision to spread the business risk by diversifying. They have set up a new factory to produce P.V.C. and also invested their funds in a cement factory. They employ 5 foreign experts from Singapore and Japan. In this company a common lounge for managers is available. A cafeteria and musholla are provided for the workers. Although there is no sports-ground, they have set up a football-club and the company has rented a football field.

Lastly, Company E2 was originally an old Dutch company but has been converted into a joint venture with the Indonesian government since 1968. The company produces a range of radios, tape-recorders, electrical bulbs and tube-lamps. There is only one foreign expatriate from Holland, representing his parent company. This company has shown no signs of development for years. This was confirmed by one of the managers saying "We are in a defensive position", implying that tough competition comes from Japanese products. Data recording is well-managed, reflecting this characteristic of Dutch management. A number of houses are provided for senior staff. A cafeteria and musholla are also available.

4.3 Human Resources

To begin with, we shall look into the distribution of ethnic groups among the employees in each company. As can be expected, the Javanese stand out in terms of their number in each company.

Table 4.4

Distribution of Ethnic Group by Company (%)

Company:	T1	T2	T3	T4	C1	C2	E1	E2	ALL	(N)
Javanese	82	94	94	90	88	90	74	84	87.0	(348)
Sundanese	-	-	2	-	-	-	-	4	0.7	(3)
Madurese	2	2	2	-	2	6	-	2	2.0	(8)
Sumatran	2	-	2	4	-	-	-	6	1.7	(7)
E.Islanders	4	2	-	2	4	-	6	2	2.2	(9)
Indon.Chinese	10	-	-	4	6	2	20	2	5.5	(22)
Other	-	2	-	-	-	2	-	-	0.7	(3)
Total%:	100	100	100	100	100	100	100	100	100	(400)

N = number of the respondents.

Table 4.4 shows that the percentage of Javanese in each company ranges from 74 to 94 per cent. In total they form 87 per cent of the workers. The number of Indonesian-Chinese in each company

varies between none to as many as 20 per cent. Whereas the number of other ethnic groups is trivial, only 2 to 6 per cent.

Table 4.5

Distribution of Javanese by Position and Company (%)

	T1	T2	T3	T4	C1	C2	E1	E2	ALL
Top-management	50	-	100	50	-	40	-	-	45.8
Mid-management	42.9	90	80	66.7	100	100	40	63.6	74.3
Clerical	77.9	100	80	100	75	100	87.5	87.5	89.1
S/F ^a	100	100	100	90	100	90	80	100	94.9
W ^b	95	89.5	100	100	90	95	90	95	94.3

^aS/F = Supervisor/Foreman

^bW = Unskilled Worker

Table 4.6

Distribution of Indon-Chinese by Position and Company (%)

	T1	T2	T3	T4	C1	C2	E1	E2	ALL
Top-management	50	-	-	25	100	20	100	-	33.3
Mid-management	42.9	-	-	-	-	-	40	9.1	10.8
Clerical	-	-	-	-	12.5	-	-	-	1.6
S/F ^a	-	-	-	10	-	-	20	-	3.8
W ^b	-	-	-	-	-	-	10	-	2.3

^aS/F = Supervisor/Foreman

^bW = Unskilled Worker

Table 4.8 below reveals that the further the distance of the company away from the city, the more their workers tend to cluster within 5 Km. radius around the factory. Companies T2, T3 and T4 are good examples of this phenomenon.

Table 4.8

Distribution of Worker's Home Distance from Company (%)

	T1	T2	T3	T4	C1	C2	E1	E2	ALL	(N)
0 - 5 Km	58	66	79	78	52	50	28	44	57.0	(232)
6 - 10 Km	14	24	19	16	26	18	34	42	24.0	(96)
11 - 25 Km	8	8	2	4	18	20	34	14	13.5	(50)
26 - 50 Km	14	2	-	-	4	12	4	-	4.5	(18)
51 - 75 Km	6	-	-	2	-	-	-	-	1.0	(4)
	100	100	100	100	100	100	100	100	100	(400)

The companies are so well-served by a "captive" local labour force in the surrounding areas that have not considered it necessary to provide transport. Only Company T1 provides transportations for night-shift workers.

The distribution of workers in each age-group and in each educational level is summarized in the following two tables.

<u>Age-group</u>	<u>Number</u>	<u>Percent</u>	<u>Cumulative %</u>
16 - 20	10	2.5	2.5
21 - 25	52	13.0	15.5
26 - 30	106	26.5	42.0
31 - 35	94	23.5	65.5
36 - 40	73	18.3	83.8
41 - 50	53	13.2	97.0
51 - 59	<u>12</u>	<u>3.0</u>	100.0
	400	100.0	

<u>Education</u>	<u>Number</u>	<u>Percent</u>	<u>Cumulative %</u>
Elementary	80	20.0	20.0
Junior High	84	21.0	41.0
Senior High	157	39.3	80.3
<i>Higher Educ.</i>	79	19.7	100.0

More important characteristics of the workers are found in Tables A.11 to A.13 (Appendix A):

1. The top-management positions are by and large held by persons of 40+ years of age (83%) with university or bachelor degrees (median age: 42 years), and an average wage of Rp. 443,000 per month.
2. The mid-management positions are mostly held by persons of 30+ years with university or Bachelor degrees (70.2%) and Senior high certificate (28.42%); median age: 37 years. The average wage for this group is Rp. 272,000 per month.
3. The administrative staff are mostly people with Senior high school qualifications (80%), whose ages range from 26 to 40 years; median age: 33 years, and an average wage of Rp. 89,000 per month.
4. The supervisors/foremen are mostly people of 26 to 40 years old with either senior high (60%) or Junior^{high} school certificates (30%), median age: 34 years and a monthly average wage of Rp. 95,000.
5. The manual workers are mostly people with elementary school (46.5%), Junior high (32%) and some Senior high school educations (21.4%) whose ages range from 16 to 40 years (median age: 28 years), and an average wage: Rp. 48,000 per month.

There is a tendency for school leavers to be "forced" to accept a lesser job than their predecessors of the same educational qualification. This particular issue will be discussed in Chapter 9 where Earnings-Function Analysis is applied.

Summary

This chapter will be concluded with the following chief points.

Our company sample consists of 4 matched-pairs of domestic and joint-venture companies from which 400 workers in total were interviewed. All companies provide subsidized cafeteria for the workers, reflecting the paternalistic nature of their management.

In terms of wages, textile companies pay lower wages than chemical and electronic companies. Locational differences do not appear to have significant effects on wage disparity across the companies. The joint venture companies tend to be more capital intensive than the domestic ones. Patrimonial-nepotistic management appears to be practiced in the companies owned by the Indonesian-Chinese. This phenomenon fits in with the characteristic of their management style already discussed in Chapter 2.

The "typical" top-management, is a man of 40+ years with a university or Bachelor degree and an average wage of Rp. 443,000 per month. The "typical" mid-management, is a person of 30+ years with university, bachelor degree or to a lesser extent with senior high school education and an average wage of Rp. 272,000 per month. The "typical" clerical staff is a person of 26+ years with high school qualification and an average wage of Rp. 89,000 per month.

The "typical" supervisor/foreman is a man of 26+ years of age with either senior or junior high school education and an average wage: Rp. 95,000 per month. The "typical" manual worker is a man of 16+ years with elementary or junior high school education and an average wage of Rp. 48,000 per month.

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CHAPTER 5

CHAPTER FIVE

THE WORKERS

In this chapter we start to deal with the data collected from the employee questionnaires, in particular with personal variables such as age, marital status, number of children, father's occupation, etc. Labour migration, attachment to place of origin, rural-urban relations, remittances and the impact on village social economic life will also be discussed.

This chapter is intended to examine the life of the workers as society members, and their family background.

5.1 Age, Marital Status, Children and Household-size.

As noted in the last chapter, some 42 per cent of the workers are of 30 years of age or younger. The youngest respondent in our sample is 16 years old and the oldest 59. In some companies, manual workers of 60 years old or over are retained in employment on humanitarian grounds. The average age of the workers is 33.5 years (median = 32 years).

With respect to marital status, 11 per cent of the workers are single, 86.3 per cent married and 2.7 per cent divorced/widowed. Considering that people seem reluctant to reveal that they are

divorced, the true percentage for this particular status may have been higher. Each married worker admitted to having only one wife. If the answers are true, then it is in support of the government policy of encouraging monogamous practices. The government has enforced a regulation that the new civil service entrants should be monogamous.

Table 5.1

Distribution of Marital Status by Age-group of
Javanese and Indonesian Chinese (%)

Ethnic Age-group	<u>Javanese^a</u>			Indonesian Chinese		
	Single	Married	W/D	Single	Married	W/D
16 - 20	77.8	22.2	-	100	-	-
21 - 25	40.9	59.1	-	100	-	-
26 - 30	6.1	89.8	4.1	20	80	-
31 - 35	3.5	91.9	4.7	-	100	-
36 - 40	1.5	97.0	1.5	-	100	-
41 - 50	2.7	94.6	2.7	-	100	-
51 - 59	-	100.0	-	-	100	-
(N)	(36)	(313)	(10)	(4)	(18)	-
%	10.0	87.2	2.8	18.2	81.8	-

Note: ^a including Sundanese and Madurese

W/D = Widowed/Divorced

Table 5.1 shows that the Indonesian-Chinese tend to postpone their marriage until they are over 25 years old, whereas the Javanese workers get married as young as 20 years of age. This is understandable realizing that a greater part of the Indonesian-Chinese in our study have a relatively higher education. The hypothesis is that educated people tend to pay more attention to family planning. The average number of children in the Indonesian-Chinese family, which is 30 per cent smaller than the Javanese family, appears to support this hypothesis. In total, the average number of children per married worker is 2.5. In terms of household size, the Javanese appear to have a larger number of people in the house than the Indonesian Chinese (Table 5.2).

No one would claim that children are desired only because of their value as productive economic assets, but it would be a rare case in which this consideration was entirely absent. In the Javanese community, even more so among the villagers, this view is widely held, because children do contribute not only in domestic chores, but also in agricultural work and traditional household enterprises. It is common to see children in the village working as shepherds to look after someone's cattle or in the kampungs peddling cheap sweets or ice-lollies to get some money which they contribute to family income. In addition, children are also regarded as "old age security", meaning that parents hope to get support from or to stay with their children in their old age. This kind of hope is to be expected in a society where an old-age pension is scarce. The extended family is one way of pooling the old age support. This

Table 5.2

Children Number and Household Size of Javanese
and Indonesian-Chinese Workers (%)

	<u>Ethnic group</u>		Total
	Javanese	Ind. Chinese	Sample
<u>Children:</u>			
0 - 2	54.0	78.9	54.7
3 - 4	38.1	15.8	37.2
5 - 6	5.7	5.3	5.8
7 - 12	2.2	-	2.3
	100.0	100.0	100.0
Mean	2.5	1.8	2.5
<u>Household:</u>			
1 - 3	15.2	47.6	18.3
4 - 5	58.2	28.6	55.3
6 - 7	20.5	23.8	21.0
8 - 10	5.9	-	5.4
	100.0	100.0	100.0
Mean	5.0	4.0	4.8

consideration goes along with the cultural belief that each child brings his/her own fortune, as highlighted by a popular saying: banyak anak, banyak rezeki (more children means more fortune). Realizing that the positive economic benefits of having more children have gradually decreased and have even shifted into an economic burden, added by the nation-wide government campaign for family planning, this belief has slowly subsided. This is even more true in urban areas where costs of children are getting higher and higher. As far as housing is concerned, the workers claimed that 43.2 per cent of them owned a house, 26.8 per cent rented a house or boarded, 21 per cent stayed with their parents, and only 9 per cent stayed at company's houses.

5.2 Father's Occupation

In this section we shall attempt to examine the relation between father's occupation and the achievement of the workers in their job. Some 16.3 per cent of the workers reported having the same occupation as their father. Some 17 per cent of the Javanese workers reported having followed their father's occupation, whereas the corresponding number for the Indonesian-Chinese is 13.6 per cent. The comparison between those who have followed their father's occupation and those who have not, related to their education, can be summarized as follows:

	H.E	S.H.	J.H.	EL.	Total	(N)	%
Follow father's occupation	7.7%	21.5%	21.5%	49.2%	100%	(65)	16.3
Never follow	22.1%	42.7%	20.9%	14.3%	100%	(335)	83.7
	(N)	(79)	(157)	(84)	(80)	(400)	100.0
Notes: H.E. = Higher Education; S.H. = Senior High; J.H. = Junior High. EL. = Elementary							

The figures in the table show that more workers with lower education tend to follow their father's occupation than those with higher education. Of the 65 respondents who claim to have the same occupation as their father, nearly one half have elementary school education and only 7.7 per cent reached higher education (university). On the other hand, among 335 workers who have different occupations from their father, only 14.3 per cent have elementary education. Senior high school attainment for the latter group is twice as high as for the former group. A brief explanation for this particular case is required. A large proportion of the workers who have followed their father's occupation are likely to come from poorer or less wealthy parents who have less financial ability to send their children to a higher degree of schooling. Such parents tend to keep their children to help with their father's jobs, and so the children had no other choice but to follow or inherit their father's occupation. By crosschecking this case with father's occupational background, our explanation would appear to be satisfactorily confirmed.

Table 5.3Father's Occupation by Worker's Educational Attainment (%)

<u>Educ.:</u>	H.E.	S.H.	J.H.	EL.	(N)
<u>Father's Occup.:</u>					
1. Manager	45.5	54.5	-	-	(11)
2. Self-employed	40.7	37.1	14.8	7.4	(54)
3. Civil Servant ^a	33.3	47.8	12.6	6.3	(111)
4. Armed Forces ^b	15.4	69.2	7.7	7.7	(26)
5. Clerk	4.3	27.1	32.1	36.5	(19)
6. Factory Worker	5.3	63.1	10.5	21.1	(16)
7. Farmer ^c	6.3	31.2	43.8	18.7	(144)

$$\chi^2 = 239.152$$

$$\text{Signif.} = 0.001$$

Notes: ^a incl. teacher; ^b incl. policemen; ^c incl. fishermen.

H.E. = Higher Educ.; S.H. = Senior High; J.H. = Junior High;

El. = Elementary.

Other occupations are not listed because the frequencies are trivial.

Table 5.3 obviously reveals that workers whose father's occupation is either manager, self-employed, civil servant, teacher or to a lesser extent, member of the armed forces, tend to have higher educational attainment than their colleagues whose father's occupation is either as a clerk, factory worker or to a larger extent, farmer.

As education is widely considered a means to modernization, we may deduce that people whose occupation is either manager, self-employed, civil servant, teacher, or to some extent member of the armed forces tend to be more tolerant of social change and have a wider view for the future. Therefore, these are the people in society expected to be the "prime movers" for social change, particularly for those changes generally referred to as modernization.

Following is the spreading of father's occupation among the Javanese and Indonesian Chinese workers, listed in rank \Rightarrow order.

<u>Father's occupation</u>	<u>Javanese(%)</u>	<u>Father's occupation</u>	<u>Ind. Chinese(%)</u>
1. Farmer	38.2	1. Self-employed	54.5
2. Civil servant ^a	28.1	2. Manager	18.2
3. Self-employed	10.6	3. Clerk	13.6
4. Armed forces ^b	6.6	4. Civil Servant	9.2
5. Clerk	4.6	5. Craftsman	<u>4.5</u>
6. Factory worker	5.8		100.0
7. Manager	1.4		
8. Fisherman	1.4		
9. Car driver	1.2		
10. Barber	0.9		
11. Foreman	0.9		
12. Lawyer	<u>0.3</u>		
	100.0		

Notes: ^a incl. teacher; ^b incl. policeman.

Over 60 per cent of the Javanese workers in our study come from farmer and civil servant families, whereas nearly three-quarters of the Indonesian-Chinese workers' fathers are managers and self-employed businessmen. The outer islanders whose number in this study is very small, are mostly from farmer, fisherman and civil servant families.

By relating the background of father's occupation to the worker's position in the company, we found that workers whose father is

either a manager, self-employed or civil servant have achieved relatively better positions in their career, largely because they have better educations.

Table 5.4

Father's Occupations by Worker's Position (%)

	<u>Top</u>	<u>Mid</u>	<u>Adm.</u>	<u>S/F</u>	<u>W</u>	<u>(N)</u>
<u>Father's Occup:</u>						
Manager	18.2	72.7	9.1	-	-	(11)
Self-employed	18.5	22.2	25.9	20.4	12.9	(54)
Civil Servant ^a	8.1	30.6	19.8	21.6	19.8	(111)
Clerk	5.3	10.5	42.1	10.5	31.6	(19)
Armed Forces ^b	-	11.5	26.9	30.8	30.8	(26)
Factory Worker	-	-	12.5	25.0	62.5	(16)
<u>Farmer^c</u>	0.7	7.6	6.9	18.8	66.0	(144)

$$x^2 = 208.823$$

$$\text{Signif.} = 0.001$$

Notes: ^a incl. teacher; ^b incl. policemen; ^c incl. fishermen
 S/F = Supervisor/Foreman; W = Manual Worker.
 Other occupations are not listed because the frequencies are trivial.

Figures in Table 5.3 and Table 5.4 indicate that the occupation of workers' fathers tends to play an important role in the worker's educational attainment and career achievement.

Lastly, looking at the relation between the position of the workers in the company and their birth place, as expected, we found that the lower the position, the larger the number of workers who were village-born. Some 14.3 per cent of the people in managerial level reported being born in the village, whereas the number for manual workers is 35 per cent. One-third of the people in managerial positions claimed that they were born either in Surabaya or Malang, the two largest cities in East Java.

5.3 Migration

W. Peterson defines migration as "the relatively permanent movement of persons over a significant distance".⁽¹⁾ Kammeier gives a more comprehensive definition, that:

migration is the movement of individuals or groups from one place of residence to another who have the intention of remaining in the new place for some substantial period of time."⁽²⁾

The "push-pull theory" has long been one of the most important theories in analysing migration. Aside from sentimental reasons, numerous factors such as: economic, social, cultural, demographic and physical factors and their combination have been considered to motivate migration. Generally speaking, economic factors have been emphasized by social scientists as the primary motives for migration, particularly for rural-urban migration. The factors mentioned above can be grouped into push and pull factors. Push factors are conditions at place of origin that induce people to

leave, such as economic hardship, ecological pressure, epidemic, political turmoil, insecurity, etc. On the other hand, pull factors are conditions at the new place that attract migrants, such as job and education opportunities, amenities, security, etc. Rural-urban migration may also affect social-economic conditions in both areas. Out of 400 workers in our sample, 27.5 per cent claimed to be of village origin and do not live there any more, another 30.2 per cent are migrants from other towns or cities. To examine the geographical mobility of the workers, they were asked how many times they have ever moved from one place to another, outside their place of origin and stayed there for one year or more. We find that nearly half of the Javanese workers have never migrated and only 9.2 per cent have ever moved more than 4 times. On the other hand, the Sumatrans and other outer islanders who have moved more than 4 times stand at 42.1 per cent. (Table A.14) This evidence appears to confirm the stereotype that Javanese are the most immobile, while Sumatrans and other outer islanders are known as wanderers and seafarers. In this case, Naim has succeeded in differentiating geographical mobility among major ethnic groups in Indonesia into two categories: higher and lower intensity to migrate, based on the proportion of persons who migrate, to the total population in that area.⁽³⁾ The research was done in 1971 and the list below was the result.

<u>Ethnic with higher intensity to migrate:</u>	<u>% of migrants</u>
-------------------------------------------------	----------------------

Minangkabau (Sumatra)	31.6
Batak (Sumatra)	19.6
Banjarese (Kalimantan/Borneo)	12.2
Ambonese (Ambon)	11.5

<u>Ethnic with lower intensity to migrate:</u>	<u>% of migrants</u>
------------------------------------------------	----------------------

Javanese, Sundanese, Madurese	3.4
Achenese	2.6
Balinese	1.4

The Javanese, Sundanese and Madurese have low intensity to migrate although in terms of absolute number of persons who migrated, they constitute the largest portion. The Sumatrans belong to the category of higher intensity to migrate. A brief description rooted from socio-cultural factors would explain the differential intensity to migrate between the Sumatrans (particularly Minangkabau) and the Javanese. In Sumatra, the upbringing of a child is geared to "go out from home and build your future" concept. Ideally, a boy, when he approaches the age of ten, which is the time for him to learn to read the Quran, begins to be entrusted to a guru mengaji (teacher of Quran reading) to live in a surau (a village Moslem prayer house) where a boarding place for the murids ("pupils") is provided. In

the morning the boy goes to public school and in the evening learns to read the Quran. When the boy has grown up, he is encouraged to go merantau (migrate), to provide himself with experience, knowledge and enough wealth to start a family. Merantau, therefore, has been part of their social life, and it undoubtedly contributes to the high degree of migration among them. On the other hand, the merantau tradition among the Javanese (also Sundanese, Madurese and Balinese), has no roots in their social systems. Actually, to a degree, they tend to show a negative attitude toward merantau. Many studies on Javanese transmigration to the outer islands have shown that the government has had difficulties in persuading them to move out. The Javanese saying "mangan ora mangan asal kumpul" (to eat or starve does not matter so long as we are together), itself proved their reluctance to migrate even though in the village there is barely enough left to subsist on. We can conclude that in contrast to the Sumatrans and other outer islanders, whose outlook tends to be centrifugal, the Javanese is more centripetal. The Javanese consider their ancestral land and village, the centre of everything. It has to be borne in mind, however, that socio-cultural factors alone will not automatically make people move or reluctant to move. Other "push" and "pull" factors of migration may modify (induce or restrain) the socio-cultural constraints to migrate. When our migrant ^Srepondents were asked why they moved out from their place of origin, the answers can be grouped into the following causative factors.

<u>Migration causative factors:</u>	<u>% of migrants</u>	<u>(N)</u>
<u>Push factors:</u>		
Ecological pressure	10.0	(23)
Economic hardship	39.3	(90)
<u>Pull factors:</u>		
Job opportunity (at new place)	39.8	(92)
Educ. opportunity for children	8.6	(20)
Other	<u>2.6</u>	<u>(6)</u>
	100.0	(231)

Economic hardship at the place of origin tends to be a strong push factor, whereas job opportunity at the new place tends to be a strong pull factor.

Table 5.5Causative Factors of Migration by Ethnic Group (%)

	Ethnic Group			
Causative Factors:	Javanese ^a	Sumatrans ^b	Ind. Chinese	(N)
<u>Push:</u>				
Ecological pressure ^c	11.1	5.3	-	(23)
Economic hardship	42.9	26.3	-	(90)
<u>Pull:</u>				
Job opportunities	37.4	47.4	64.3	(92)
Educ. opportunities	5.6	21.0	35.7	(20)
Other	3.0	-	-	(6)
Total	100.0	100.0	100.0	
(N)	(198)	(19)	(14)	(231)

$$\chi^2 = 97.670$$

$$\text{Signif.} = 0.001$$

^a incl. Sundanese and Madurese

^b incl. other outer islanders

^c such as harvest failure, flood, drought, etc.

Table 5.5 discloses that two different patterns emerge among the ethnic groups. The migration causative factors for the Javanese, Sundanese and Madurese groups appear to be stronger at the "push"

side, mainly the economic hardship factor, whereas the Sumatrans and Indonesian Chinese are on the "pull" side, mainly the job opportunities at the new place. To sum up, the following matrix may make the picture clearer.

<u>Push factors</u>		<u>Pull factors</u>				
<u>Ecol.^a</u>	<u>Econ.^b</u>	<u>Econ.^c</u>	<u>Other</u>	<u>A</u>	<u>B</u>	<u>Ethnic Group</u>
Weak	Strong	Less Strong	Weak	Negative	Low	Javanese, Sundanese and Madurese
Very Weak	Weak	Strong	Weak	Positive	High	Sumatrans and other outer islanders
None	None	Very Strong	Weak	Positive	High	Indon. Chinese

Notes: ^a ecological pressure at place of origin
^b economic pressure at place of origin
^c economic opportunity at new place
A = Socio-cultural attitude towards migration
B = Intensity of migration.

In the situation where economic pressure as a "push" factor is strong and economic opportunity at the destined place is less strong, but the socio-cultural attitude towards migration is negative, the intensity of migration tends to be low, as exemplified by the Javanese, Sundanese and Madurese migrant workers. In the situation where economic pressure is weak or non-existent, but economic opportunity - "pull" at the new place is strong or very

strong, and the socio-cultural attitude towards migration is positive, the intensity of migration tends to be high, as exemplified by the Sumatrans and other outer islanders and the Indonesian-Chinese. With the limited number of our sample in mind, the least conclusion that could be suggested is that along with economic "push" and "pull" factors, socio-cultural elements have played a dominant role toward the intensity of migration.

As we go further in looking into the distribution of migration causative factors among the different hierarchical positions of the workers, as may be expected for the managerial level, the causative factors have more intensity as "pull factors", in particular, job opportunities at the new place. In contrast, over one-half of the unskilled workers migrated because of economic hardship at their place of origin. (Table 5.6)

Table 5.6Migration Causative Factors by Position of Workers (%)

	Top-	Mid-	Clerical	S/F	W	(N)
Causative factors:	Mgt.	Mgt.				
<u>Push:</u>						
Ecological pressure	-	-	-	9.8	23.4	(23)
Economic hardship	-	32.1	34.4	41.2	53.2	(90)
<u>Pull:</u>						
Job opportunities	83.3	47.2	46.9	41.2	20.8	(92)
Educ. opportunities	16.7	16.9	12.5	5.9	1.3	(20)
Other	-	3.8	6.2	1.9	1.3	(6)
Total	100.0	100.0	100.0	100.0	100.0	
(N)	(18)	(53)	(32)	(51)	(77)	(231)

$$\chi^2 = 50.652$$

$$\text{Signif.} = 0.001$$

Notes: S.F = Supervisor/Foreman

W = Manual Worker

In a sense, labour migration has a significant contribution to Indonesian nation-building. Migrant workers have worked and lived with other ethnic groups, which imbued them not only with a breadth of experience, but also with an understanding and appreciation of Indonesia as a single unified nation.

5.4 Attachment to Place of Origin

Most of migration theory from Western books is based on the fact that a permanent displacement of the rural population has occurred. Thus, the major impact of migration in rural areas has been depopulation and an ageing remnant population. In turn, this has brought about a diminishing of social and economic potentials in the rural communities. This theory, however, is not necessarily applicable in some Third World contexts like Indonesia, where permanent displacement is an exception rather than a rule in rural-urban migration. In general, the Indonesian migrant workers have a deep-felt social and emotional attachment to their family and relatives and, as the locus of their family, the town or village, the ancestral land, remains "home". This attachment has been so strong that wherever they live, many wish to, and do, visit their place of birth, whenever their financial condition permits. In his survey of Jakarta residents, Papanek found that more than two-thirds of migrant workers from all Indonesian provinces return to their "home" at least annually.⁽⁴⁾ In this study we found that nearly 88 per cent of the migrant workers visited their home. The frequency of such visits is usually used to measure the strength of their relationship with their place of origin. Only about one-eighth of the migrant workers in our study reported never visiting their home. Some 6 per cent visited more than 12 times during a year and nearly one-fifth visited once in a year.

Table 5.7Frequency of Visits by Migrant Workers (%)

Visits per year	% of migrants	Cum.%	(N)
Never	12.1	12.1	(28)
(Once)	(18.9)	(31.0)	(44)
(Twice)	(18.9)	(49.9)	(44)
(Three times)	(9.3)	(59.2)	(21)
1 - 3 times	47.1	59.2	(109)
4 - 6 times	20.9	80.1	(48)
6 - 12 times	13.6	93.7	(31)
12 + times	6.3	100.0	(15)
Total	100.0		(231)

By breaking down the visits among the ethnic groups it is found that the distance of their home from their present domicile has affected the frequency of the visits. The longer the distance, the higher the travel cost that has to be paid, not to mention the time spent for travelling, especially for those whose place of origin is outside Java. Therefore the number of immigrant workers from outer islands who have never returned home reaches more than one half whereas the corresponding number for the Javanese and Indonesian Chinese covers less than 10 per cent. (Table A.15) The fact that

migrant workers who appear relatively settled in the new place maintain links with their home reflects the fundamental importance of family ties. Table A.16 shows that the position of the workers in the company has significant effect on the frequency of home visits. People with higher positions appear to have higher frequency of home visits than those with lower positions because the former have earned higher wages and so can afford to return home more frequently. The higher frequency of home visits applies also to workers with higher level of education because education strongly correlates with position in employment.

5.5 Purpose of Visit

The reasons for home visits can be grouped into social and economic. Social purposes cover occasions when workers visit their birth place either just for relieving home-sickness, longing to see their family, or attending birth, circumcision, wedding, funeral and other ritual ceremonies. Many migrant workers conduct their life-cycle ceremonies in their birth place and try to visit as regularly as possible. These "compelling" social reasons for migrants establishing and maintaining urban-rural ties are reinforced by the substantial weight of normative practice in the society. Failure to conform involves deviating from established cultural practice in which custom is the all important regulator of human activity. Economic purposes for visits, include occasions when workers visit their birth place because they own or intend to buy properties there. The properties could be in the form of a

piece of land with or without fruit trees on it, rice field, house, cattle, and other things that may yield income. It is evident from Table A.17 and Table A.18 that a larger part of the migrant workers visited their "home" for social purposes, whatever their ethnic group or their position in the company. Only 13 per cent visited home for economic purposes. The outer islanders appear to have less interest in investing money at home, probably because distance has made control of their assets more difficult. Investment, of course, depends largely on how much the workers can save. If the income is barely enough for daily consumption, saving is out of the question and, in turn, investment is but a dream. The income itself is related to the position of the workers in the job. Therefore, people in managerial positions appear to have a higher ability to invest than those in the lower positions, as shown by the higher percentage of the former group of people visiting home for economic purposes than of the latter. (Table A.18)

5.6 Remittances

We are particularly interested in the remittances from the village-born migrant workers to their family and relatives in the village and the impact of the remittances on the village economy. One of the most significant results of the establishment and maintenance of fairly strong rural-urban ties by migrant workers is the sending of money (and also goods) to family members who remain in the village. Money was either sent by postal money order, by a friend who returns home or taken by the workers themselves when they

visit their home village. Apparently, all migrant workers in our study reported having sent money home every month (almost regularly), however small the amount is. This is not too surprising, because for them, such a remittance is a conspicuous demonstration of success. Hugo, in his survey in West Java, found that 95 per cent of all surveyed permanent migrants from West Java who were in the workforce remitted money to their family members at home, on an average of 10 per cent of their total incomes.⁽⁵⁾ In our study, the average amount of money remitted monthly by the village-born migrant workers is Rp. 19,000 (approx. £13). Otherwise it ranged, on average, from as low as Rp. 8,000 for the manual workers to as high as Rp. 55,000 for the top managers. (Table A.19) On average, the remittances cover 14.7 per cent of the monthly wages. At a regional level, the amount of remittances contributed to the village can be derived by using the following simple calculation. Assuming that our finding on the proportion of village migrant workers (27.5%) is generally valid for East Java, there will be some 3 million village migrant workers among the total 11 million labour force in East Java. To be modest, let us say that only a half of them send money home on an average of Rp. 17,500 per month (appr. 10% lower than in our sample); in one year the contribution of the migrant workers to their home village elsewhere, would amount to Rp. 315 billion (apprx. £215,000,000). Undoubtedly, this amount of money is essential to the well-being of many village households as well as to the village economy. It is common practice that migrants returning to the urban area from a village-visit, bring village agricultural produce with them, such as rice, fruit,

vegetables and dried fish. These may have been bought at the comparatively cheap village prices, taken from land which the migrants themselves share-farm, or as return gifts from village-based relatives. Through informal conversations with our respondents, some information on the effects of remittances in the village was revealed. The major use to which remittances are put, is the purchase of the basic necessities of day-to-day life, such as food and clothing, pressure lanterns, radios, tape recorders and spending for ritual ceremonies. In addition, and it is probably more important, is the economic linkage effects which are generated locally by the injection of additional cash through remittances into the village economy. The influx of remittances has created greater demand for goods and services in the village so that they benefit not only the direct recipients but the village community at large. As well as the active impact of the remittances, labour migration may exert a passive effect on the village economy by virtue of the absence of workers. The marginal productivity of labour in the village must be zero in order for migration not to have a negative effect on village production, because the labour shortage may cause a significant reduction in local agricultural productivity. On the other hand, if the supply of labour is greater than the demand, the migration reduces the pressure on limited village job opportunities during the low seasons in the agricultural cycle. Judging that economic hardship was the dominant "push" factor in inducing the workers to migrate, it is safe to say that labour migration in Indonesia is not likely to have a negative effect on village production. On the contrary, it would help to reduce the pressure on unemployment and underemployment in the village.

Intention to Stay at or to Leave Present Place

When the migrant workers were asked whether they were satisfied or dissatisfied to be in their present place, the following answers were received:

Very disappointed	:	none
Disappointed	:	none
Fairly disappointed	:	10.9%
Satisfied	:	83.6%
Very satisfied	:	1.4%
Don't know	:	<u>4.1%</u>
		100.0%

The answers are then cross-checked against the answers for whether they intend to leave their present place in the near future. The answers were:

Yes, intend to leave	:	4.2%
No, intend to stay	:	78.5%
Don't know	:	<u>17.3%</u>
		100.0%

As can be expected, the workers who are "satisfied", correlate highly with those intending to stay.

Summary

Aside from being members of a special type of social group in a company, workers also belong to the society they live in, outside the company. To understand the social characteristics of the workers, it is therefore essential to know their social and family background. The worker's personal variables indicate that their average age is 33.5 years. Some 86 per cent of them are married, 11 per cent single and the rest are either widowed or divorced. The average number of children per worker is 2.5 and the average household-size is 4.8 persons. Positive correlation has been found between father's occupation and the worker's educational attainment and position in the job. Fathers whose occupation is either manager, self-employed, or civil servant tend to have sons (the workers) with relatively higher education and higher positions in their jobs. Farmers tend to have sons with relatively lower education and lower positions in their jobs. A deduction could be made that managers, self-employed persons, civil servants and, to a degree, members of the armed forces, tend to be more adaptive to change, and therefore, they are a group of people in the society who may have a significant role as agents of social change and development, generally referred to as modernization. About 40 per cent of the Javanese workers derived from farmer families, whereas almost two-thirds of the Indonesian-Chinese workers' fathers are managers or self-employed businessmen. The outer islanders mostly come from farmer, fishermen or civil servant families.

Among the workers in our study, 27.5 per cent reported that they came from a village as migrant workers. Companies closer to Surabaya city tend to have fewer migrant workers, probably because the cost of living in the city is expensive and competition to get jobs is tougher. The Javanese, Sundanese and Madurese appear to have less geographical mobility than the Sumatrans and other outer islanders who have been known as wanderers or sea-farers. Economic "push" and "pull" factors, in particular, economic hardship in the village and job opportunities in the urban areas, in addition to the socio-cultural attitude toward migration, appear to have played a dominant role toward the intensity to migrate. In general, the migrant workers have a strong social and emotional attachment to their family and home-village that they wish to, and do, make visits whenever possible. Some 88 per cent of the migrant workers returned home at least once a year. The distance of the birth-place and the worker's position in a company tend to affect the frequency of visits, because a certain amount of money is needed for travel fare and for the family members at home. A larger proportion of migrant workers (87 per cent) visited their home village for social purposes; only 13 per cent for economic purposes. The most important effect of rural-urban ties established and maintained between the migrant workers and their folks at home is the remission of money (and sometimes also goods) to family members who remain in the village. All village-born migrant workers admitted with pride to having sent money home almost every month, however small the amount. On average, the remittances cover 14.7 per cent of the worker's monthly wages. These relatively substantial remittances

have created greater demand for goods and services in the village, so that the benefit goes not only to the direct recipients but also to the village community at large. Lastly, labour migration has indirectly rendered a valuable contribution to Indonesian nation building. Having worked together and associated with other ethnic groups, the workers not only gain experience but also understanding and appreciation of Indonesia as a single unified nation.

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CHAPTER 6

CHAPTER SIXRECRUITMENT, SELECTION AND TRAINING

In the first part of this chapter, we shall be concerned particularly with the recruitment process: the channels and means by which employees are recruited. In the next section, our attention will be devoted to the aspect of selecting recruits, and the last part of this chapter will deal with the methods and evaluation of training.

The following main hypotheses will be examined in this chapter.

- (1) The training evaluation techniques are inadequate to assess the impact of training on job performance and therefore reduce the effectiveness of training as a means of labour control.
- (2) Companies in which more training is given to the employees, have a lower rate of labour absenteeism.
- (3) Companies in which more training is given to the employees, have a lower rate of labour turnover.

6.1 Recruitment

Recruitment is the term applied to that phase of human

resources management which is concerned with searching for prospective employees and attracting them to apply for jobs in the company from which qualified candidates are selected. An effort is thus made to attract potential employees with the necessary characteristics and in the proper quantities for the jobs available. The particular channels and means by which employees are recruited may vary greatly, depending upon management policy, the type of job involved, the supply of labour relative to demand, and the nature of the existent labour market institutions. Table 6.1 shows the distribution of recruitment channels used by each company in our study.

Table 6.1

Distribution of Recruitment Channels by Company (%)

Channels:	Company									(N)
	T1	T2	T3	T4	C1	C2	E1	E2	All	
1. Recommendation	68	56	74	48	74	56	70	64	63.8	(255)
2. Random	22	32	16	40	20	24	16	12	22.7	(91)
3. Advertisement	6	10	2	4	6	18	14	16	9.5	(38)
4. Employment agency	4	2	6	2	-	2	-	2	2.3	(9)
5. Labour Office	-	-	2	6	-	-	-	4	1.5	(6)
6. Labour Union	-	-	-	-	-	-	-	2	0.2	(1)
Total:	100	100	100	100	100	100	100	100	100	(400)

$$\chi^2 = 66.423$$

$$\text{Signif.} = 0.05$$

This allows us to get the overall view that recommendation or sponsorship from the present employees as well as from outsiders predominates over the other kind of recruitment channels. Random application comes next (22.7%), followed by recruitment through advertisement (9.5%). Random application is an unsolicited application received from candidates who either call personally at the company or write letters of enquiry. The other channels of recruitment are apparently insignificant. The distribution of recruitment channels in each level of employee's position, as displayed in Table 6.2, also shows that recommendation occupies the highest percentage among the other channels, with a tendency to a slightly higher percentage of non-managerial employees recruited through this channel than managerial employees. Another indication is that non-managerial positions tend to be more frequently applied for at random than managerial positions.

Table 6.2Distribution of Recruitment Channels by Position (%)

Channels:	Positions					All	(N)
	Top	Mid	Adm	S/F	W		
1. Recommendation	58.3	47.3	65.6	70.9	68.6	63.8	(255)
2. Random	4.2	17.6	21.9	21.5	27.5	22.7	(91)
3. Advertisement	33.3	25.7	9.4	6.3	-	9.5	(38)
4. Employment agency	4.2	8.1	-	1.3	-	2.3	(9)
5. Labour Office	-	1.3	3.1	-	1.9	1.5	(6)
6. Labour Union	-	-	-	-	2	0.2	(1)
Total:	100.0	100.0	100.0	100.0	100.0	100.0	(400)
	(N)	(24)	(74)	(64)	(79)	(159)	- (400)

$$\chi^2 = 92.752$$

$$\text{Signif.} = 0.01$$

Notes: Adm. = Administrative Staff

S/F = Supervisor/Foreman

W = Manual worker

One-third of top-management and one-fourth of mid-management were recruited through advertisement but none of the manual workers were recruited through this channel.

Recommendation

As we know, recommendation or sponsorship is the most widely used recruitment channel. When the employees were asked about their sponsor, the answers were:

Friend/relative in the company	:	60.0%
Outside important person	:	26.7%
Union Board member	:	4.4%
Union Chairman	:	<u>8.9%</u>
		100.0%

Further examination reveals that more than a half of the "friends/relatives in the company" who acted as sponsors, are employees in managerial positions. This suggests that recommendation goes hand in hand with nepotism. Whether there is any dissimilarity between joint ventures and domestic companies in this particular matter, will be discussed in Chapter 10.

Random Application

As shown in Table 6.1, random application stands at the second rank in the list of recruitment channels. Some 22.7 per cent of the employees were recruited through this channel, with a clear percentage increase as one goes down from managerial positions to the lowest end of the hierarchical ladder in the company. In fact, to recruit unskilled workers, the employers can just pick out

candidates from the seasonal workers or job seekers who are waiting outside the gate of the factory as "the reserve army of the unemployed", or hire someone who acts as a labour broker.

Advertisement

In Western countries, the most popular method of recruitment is to advertise the job vacancy in the mass-media and invite candidates to apply to the company. In a developing country like Indonesia, advertisement is regarded as expensive. Besides, for the purpose of recruiting unskilled workers, it is not effective because a larger part of the likely candidates hardly read newspapers or printed news-media. Therefore, advertisement is only occasionally used to recruit candidates for managerial positions and to a lesser degree for administrative staff and supervisors. Even for the managerial positions, it is evident in our study that less than one-third were recruited by means of advertisement.

Private Employment Agencies and Labour Office

A qualified private employment agency is a good channel of recruitment, but this particular channel has not yet become popular in Indonesia, mainly because it is expensive. Only 2.3 per cent of the employees in our study were recruited through this channel. With regard to the government's labour office, although they provide a means of recruitment which costs little, they are not popular because the information about the characteristics of job-seekers is

considered deficient. In most cases, employers prefer to make their own assessment of the candidates, because this method gives them more scope to test the candidate's quality and more assurance that the candidate is interested in the job. From the job-seeker's view, these offices are also not popular as bureaucracy tends to discourage job-seekers from using this channel. The requirements to provide reference letters from village-head, police and sub-district authorities, and to fill forms, are often burdensome to many job seekers so that they prefer to use some other way to look for a job. Only 1.5 per cent of the employees in our study were recruited through this channel. The labour union hardly has any significant role in recruitment, indicating the weak position of the unions. Lastly, in our sample, we do not see the role of educational institutions as a source of recruitment. Despite the fact that educational credentialism has been widely used in Indonesia, recruitment via educational institutions has not yet become popular. In summary, a very restricted sampling process is used to recruit candidates, i.e. through the recommendation/sponsorship of the existing employees.

6.2 Selection Methods

Whereas recruitment reaches out to the supply sources to find the individuals who may possess the needed qualifications, the selection function employs several different methods and criteria for collecting information, for judging and screening whether a given applicant is, or is not, suited for the job under

consideration. Inherent in the selection function is the assumption that it is possible to find a potential candidate with the proper combination of personal characteristics required for the successful performance of a given job. Although this assumption is by no means accurate, it is thought to be the best predisposition with which to approach the search for new employees. First we shall look into the selection methods applied by the employers in our study. As disclosed in Table 6.3, among the methods of selection, "personal interview" and "personal interview + aptitude test" are the most widely used for all occupational levels.

When the employers were asked why they seem to rely heavily on personal interviews for selecting the candidates, the unanimous answer was that advanced/scientific methods of recruitment such as aptitude and psycho-test are costly since they have to hire consultants or experts from outside. Despite the fact that interviewing is subject to biased perception, it is the most widely practiced. As we know, there are common pitfalls in interviewing. In judging people, an interviewer is, at least initially, prone to the condition called the "halo effect", that is a situation in which a single prominent characteristic of the interviewee may dominate the interviewer's judgment of all his other traits, and this can work in both a positive and negative fashion. On the interviewee's part, he may intentionally or unintentionally distort his answers, exaggerating points in his favour and minimizing others.⁽¹⁾ Perhaps, a practical rule to follow is to gather as much factual and personal data as possible on the application form and then follow up

Table 6.3Distribution of Selection Methods by Positions (%)

<u>Selection Method:</u>	<u>Positions</u>					<u>All</u>	<u>(N)</u>
	<u>Top</u>	<u>Mid</u>	<u>Adm</u>	<u>S/F</u>	<u>W</u>		
Personal interview only	66.7	51.4	64.1	45.6	72.3	61.5	(246)
Aptitude test only	-	-	4.7	2.5	-	1.3	(5)
Psycho-test only	-	1.4	1.6	-	0.6	0.7	(3)
Interview and Apt. test	29.2	32.4	18.7	30.4	22.0	25.5	(102)
Interview and Psycho test	-	5.4	1.6	7.6	1.9	3.5	(14)
Aptitude and Psycho test	-	-	1.6	1.3	-	0.5	(2)
Interview & Psycho & Apt.	4.1	9.4	7.7	12.6	3.2	7.0	(28)
Total:	100.0	100.0	100.0	100.0	100.0	100.0	(400)
	(N)	(24)	(74)	(64)	(79)	(159)	- (400)

$$x^2 = 70.767$$

$$\text{Signif.} = 0.01$$

Notes: Adm. = Administrative Staff
 S/F = Supervisor/Foreman
 W = Manual worker

in the interview with more detailed questions on those subjects which appear, in each particular case, to have potentialities for adding useful clues.

In our study, the selection interview for managerial positions was done by the personnel manager. In some companies the personnel

manager was flanked by the director, but for the non-managerial positions, the task of interviewing was delegated to the senior staff of the personnel department, aided by the supervisors. As far as selection interviews are concerned, the joint ventures in our studies tend to be better equipped with guidelines, such as interview manuals provided by their headquarters, whereas in the domestic companies, interviews were largely based on past experiences. One thing to be regretted is that there was no follow up for evaluating the results of interviewing by correlating the ratings given by the interviewer with the employee's ultimate performance on the job as measured by the superior's ratings or, if quantitative ratings are not available, superior's qualitative judgment can be used instead. Without this, it is practically impossible to assess the effectiveness of the interview system.

6.3 Selection Criteria

The most common criteria attached to the selection method are: ascriptive, cognitive and affective elements. Not one of the companies in our study applied those criteria explicitly. The managers do not even quite understand the meaning of the terms. After an explanation, however, they admitted that they actually have used the criteria as "mental guidelines" in selecting the recruits. In order to enable us to examine their selection policy, a list containing important elements of the selection criteria was made in the questionnaire, and each company was requested to give their judgment on the degree of importance of each element used for

screening recruited candidates for different occupational positions in the company. This should be done by giving a score to each element, ranging from "zero" for the most irrelevant element, up to "ten" for the element considered most important. Averages of these scores are then calculated, rounded up to the nearest whole number and put into one list as shown in Table A.22. It should be noted that, as with opinion surveys of this kind, some latitude in making judgements could not be avoided. Nevertheless, they have been presented because they point to certain aspects of selection policy which seem worthy of examination. We shall examine the principal elements in each category.

Ascriptive elements

The ascriptive elements tend to get higher scores for non-managerial positions than for managerial ones. This result is to be expected because, for manual workers, for instance, health and age factors are important. The nature of their job demands more physical effort and stamina than administrative or managerial functions. Police records are more important for the manual workers because stealing is likely to occur more frequently at the shop floor. In Indonesia, it is common practice that a reference letter from police or sub-district office is required, to ensure that the candidate is of "good character" and was not involved in the abortive 1965 communist coup d'etat (if the candidate was not younger than 15 years old in 1965).

Cognitive elements

Unlike ascriptive elements, cognitive elements tend to have higher scores for managerial positions than for non-managerial positions. Remarkably, except in the case of manual workers, education occupies the highest score and experience comes next. This appears to reflect the practice of educational credentialism in hiring policies. After the independence, education in Indonesia has grown quite rapidly. Social demand on education has been expanding as education can raise people to a higher social and economic status. This has made education (school certificate) a very important licence to get a job. Apparently, credentialism is not only found in Indonesia. Henley's study also points out that in Kenya, credentialism in hiring policies is widespread.(2)

Affective elements

Among the elements in this category, leadership is counted as the most relevant element for managerial positions; initiative, human relations, honesty and responsibility come next. Accuracy and cleanliness appear to be the most relevant elements for clerical work. In the case of manual workers, five affective elements are considered the most relevant, i.e. compliance, punctuality, perseverance and vitality.

To sum up, the above evidence suggests that Indonesian employers have had "mental guidelines" in their selection policy, composed of

ascriptive, cognitive and affective elements, which vary from one job category to another. In their minds, employers are looking for maximum efficiency for a given function, and this will be related mainly to leadership, education, initiative, experience, human relations and responsibility in the case of managerial positions, down to state of health, age, police records, compliance, perseverance and vitality in the case of unskilled workers. Hence, no cognitive element is listed for unskilled workers. It is the task of the Indonesian employers to transform the "mental guidelines" into an actual systematic selection device. In line with the paternalistic nature of the Indonesian management style, Indonesian managers tend to select docile and compliant workers in order to effectively exercise their labour control strategy.

6.4 Training

Training is an organized procedure by which employees gain knowledge and/or skills for a definite purpose. In the industrial situation, this means that the trainees shall acquire new manipulative skills, technical knowledge, problem-solving ability, or new attitudes. It is also expected that the employees apply their newly acquired knowledge and skills on the job in such a way as to further organizational objectives. Hence, successful training plays a significant part in controlling labour in the labour process.

There are several kinds of training given to the employers in our study. Of these, in-company training is the most extensively used,

comprising 69.6 per cent of total man-days of training. (Table A.20a) Among 400 employees in our sample, 354 or 88.5 per cent reported having undergone at least one type of training. Those who are in managerial positions appear to have had a longer period of training (average: 15 weeks) and have had more opportunity to train abroad than the employees in non-managerial positions. Clerical staff have had the shortest period of training (average: 2.3 weeks) because the nature of their job does not require longer training. Some 94 per cent of the unskilled workers have an average of 4.8 weeks in-company training, mostly at the beginning of their job, whereas all supervisors and foremen have nearly twice as many training days. Inter-company comparison discloses that employees in joint venture companies tend to have more training opportunities and longer periods of training than their colleagues in domestic companies. This particular issue will be further discussed in Chapter 10.

6.4.1 Training Evaluation

If training is intended to be used as a means to control labour in the labour process, it should be evaluated properly. To be useful and effective, evaluation must involve rigorous procedures based on relevant research, properly integrated with all other factors that may relate to training programs. We are all aware, however, that this task is not only expensive but also difficult to administer. The main evaluation procedures will normally include:

1. Feed-back from trainees as to the usefulness of the training by filling a questionnaire or by means of interview.
2. Written and/or performance test, after or before and after the training.
3. Using various indices of work performance and comparing them after the training with measures before the training.
4. Using scientific method by measuring performance before and after the training for both a control group and an experimental group.

Of these methods, the first has been used by all companies in our study. Three companies claimed to have applied the second method as well but, without a pre-training test. Not one of the companies reported having applied the last two methods. When we asked the employees about the worth of the training to their job, 25.1 per cent answered "very useful", 63.6 per cent said "useful", 11 per cent replied "slightly useful" and only 0.3 per cent said "not useful". As we all know, this kind of evaluation as a measure of training effectiveness is totally inadequate because favourable reactions do not necessarily guarantee effective learning, let alone whether that which was learned in training is applied to the real job. As regards written or performance tests, the result is also not a real pay-off. Trainees may show on the test that they have learned a lot, yet may not transfer this learning to the job. It is unsafe to rely upon tests alone to demonstrate the true value of training. The employers in our study are unanimously agreed that the reason for not applying the more advanced methods of training

evaluation is that it is costly. The present personnel management system has not been able to administer the methods, and hiring an outside consultant to do it is expensive. Aside from that, they realize that many jobs are not measurable in any significant way and therefore assessment can only be subjective. This is all the more so for managerial performances.

6.4.2 Training, Labour Absenteeism and Labour Turnover

In the following, we shall attempt to examine the impact of training on labour absenteeism and labour turnover. These two issues will also be dealt with separately in the next chapter, particularly for their connection with job satisfaction. Hypothetically, training is expected to reduce the rate of labour absenteeism and labour turnover because training is assumed to heighten the morale of the employees. In other words, ceteris paribus, companies in which more training is given to the employers would have lower labour absenteeism and labour turnover than companies in which less training is given.

The rate of labour absenteeism can be recorded as the proportion of the average daily number of absentees to the total number of labour force in the company. To get a better result, sick-leave should be excluded. To examine the effect of training on absenteeism, the average length of training for each trained employee in each company is correlated with the percentage rate of labour absenteeism.

<u>Company</u>	<u>Av. training days per employee</u>	<u>Rate of absence (% of labour force)</u>
T1	35	6.1
T2	32	8.7
T3	45	8.0
T4	70	7.7 ^a
C1	35	6.4
C2	84	4.0
E1	50	4.4
E2	<u>79</u>	<u>3.8</u>
Average:	57	6.1

Correlation coefficient (r) = -0.598 Signif. = 0.001

Note: ^a this is an interpolated number because Company T4 does not release data on labour absenteeism.(3)

By using simple correlation analysis, we find that the coefficient is -0.598, implying that there is a moderate inverse correlation between training and absenteeism. Now we turn to the relationship between training and labour turnover by correlating these two factors. The hypothesis is, in brief, that more training would mean lower labour turnover. The rate of labour turnover can be expressed by a number of different formulae. As can be seen in Chapter 7, we are using Graham's formula which expresses the number of separations during the period (usually one year) as a percentage of the average number employed during that period.(4)

<u>Company</u>	<u>Av. training days per employee</u>	<u>Rate of Turnover (%)^a</u>
T1	35	4.0
T2	32	14.6
T3	45	4.3
T4	70	17.9
C1	35	6.3
C2	84	4.2
E1	50	9.7
E2	<u>79</u>	<u>5.6</u>
Average:	57	6.9

Note: ^a see Table 7.3
Correlation coefficient (r) = -0.033

The correlation analysis results in $r = -0.033$, indicating that the training has practically no effect on labour turnover. To further confirm this result, we use Hypothesis Testing. For this purpose, the companies are divided into two groups. Four companies which give relatively more training to their employees are put in one group and four other companies which give relatively less training in another group. The test to refute our null hypothesis which says that companies with more training do not have a lower rate of labour turnover, proved to be statistically insignificant, and therefore, our previous finding is confirmed. We understand that the method we use to analyze the effectiveness of the training is by no means perfect, because the length of training that we use as the independent variable does not necessarily represent "good training". Nevertheless, it is desirable to make an attempt in this direction, because a rough answer is far better than none.

CONCLUSION

Our findings indicate that among the existing channels of recruitment, recommendation and sponsorship appear to be predominant over the other type of channels. This is apparently the reflection of the strong spirit of gotong-royong (mutual assistance) and kekeluargaan ("familyism") in Indonesian society. There is also evidence that advertisements, private and public employment agencies and labour union occupy a less important role in recruitment. On the other hand, random application plays a significant part so far as recruitment is concerned. This evidence indicates that the nature of entry to employment is largely informal. With respect to selection of the recruits, cognitive elements, particularly education, appear to have greatest influence (except for unskilled workers). Concerning the selection procedure, a greater part was done by means of "personal interview only". As we all know, interviews tend to contain pitfalls. Furthermore, because none of the companies in our study attempts to compare the interview ratings with the ratings of the job performance, there is no way of knowing whether the interview is effective. Thus, the selection procedure, exercised by the employers as a device to pick out "good employees" from the recruits, is ineffective. With regard to training, the evaluation is found to be very weak. The method used to assess the effectiveness of the training is collecting feed-back from the trainees by interviewing or asking them to fill in questionnaires and, in some companies, written or performance tests at the end of the training. Since these types of evaluation are clearly

inadequate to assess the impact of training on job performance, the full potential of training as a means to control labour may not be achieved. Hence, our first hypothesis is confirmed.

Our findings reveal that companies in which employees are given longer training appear to have a moderately lower rate of labour absenteeism. Therefore, our second hypothesis is supported. In view of labour turnover, however, that is not the case. An attempt to support our last hypothesis by means of correlation analysis results in a very small coefficient ($r = -0.033$) and by using hypothesis testing, the result also proved to be statistically insignificant. Therefore, our third hypothesis is not confirmed. This finding indicates that the existing training programs do not seem to have a significant effect on labour turnover, and therefore, training as a managerial device to control labour is only partly effective.

NOTES AND REFERENCES

- (1) Beach, D.S., op. cit., p.277
- (2) Henley, J., op. cit., p.121
- (3) The computation of the interpolated rate of absenteeism in company T4 is based on the fact that in terms of the average wages paid to the employees, company T4 comes between Company T3 and Company Cl. We assume that the rate of labour absenteeism in Company T4 is also between that in Company T3 and Company Cl, as the amount of wages proved to be highly correlated with the rate of absenteeism in reverse manner ($r = -0.81$).

Calculation:

<u>Company</u>	<u>Av. wages/month</u>	<u>Av. rate of absence (%)</u>
T3	Rp. 97,000	8.0
T4	Rp.105,000	x
Cl	Rp.136,000	6.4

$$x = 8 - \frac{105,000 - 97,000}{136,000 - 97,000} \times (8 - 6.4)$$

$$x = 8 - 0.3 = \underline{7.7}$$

- (4) Graham, H.T., op. cit., p.154

CHAPTER 7

CHAPTER SEVENJOB SATISFACTION

At the beginning of this chapter, the employees' job satisfaction is examined. Analysis of Variance (ANOVA) is applied to assess the influence of some independent variables such as position, education, age, wages and number of dependants, on satisfaction. Then we proceed to look into the needs of employees by assessing their perception for ten job factors. In the last part, we shall examine labour absenteeism and labour turnover in their relationship to job satisfaction. Four important hypotheses are examined in this chapter.

- (1) Primary and security needs remain to be considered important needs to be satisfied.
- (2) Social needs are also seen as important needs to be satisfied.
- (3) Companies in which more employees express their satisfaction, tend to have a lower degree of labour absenteeism.
- (4) Companies in which more employees express their satisfaction, tend to have a lower degree of labour turnover.

7.1 Job Satisfaction

In a country where the labour supply is abundant, one may think that employers do not worry about job satisfaction because leaving employees could easily be replaced. This supposition is misleading because replacement of employees, however easy, creates costs for recruitment, selection and training. In Indonesia, particularly since the influx of foreign investment and the growth of domestic investment in the late sixties, there has been a great development in the complexity of industrial technologies in many types of manufacturing industries, so that workers' performance has become more difficult to regulate through direct supervision. Trained employees who are dissatisfied and leave, may be difficult or at least expensive to replace. Worker's dissatisfaction may also result in a higher rate of labour absenteeism and labour turnover. It is therefore time that job satisfaction became an important topic of concern for employers.

In the first place, we asked our respondents whether they are satisfied or dissatisfied with their present job in the company. Following is the list of answers

<u>Statement</u>	<u>Respondent (%)</u>	<u>(N)</u>
Dissatisfied	7.5	(30)
Fairly satisfied	55.5	(222)
Satisfied	36.0	(144)
Very satisfied	0.2	(1)
Don't know	0.8	(3)
	<u>100.0</u>	<u>(400)</u>

More than one-third of the employees reported "satisfied" and some 55.5 per cent said "fairly satisfied". It is surprising to find that only 7.5 per cent expressed "dissatisfied". It is very likely that employees are reluctant to make a negative statement for fear of being detected by the employer. In addition, many consider that one works to survive (satisfying basic needs) and the unpleasant aspects of work are largely seen as unavoidable parts of work. It is even more so when a better alternative is hard to obtain. Those in a managerial position may also be disinclined to state "dissatisfied" as it may be taken to imply a deficiency in their policy and thus criticizing themselves. To cross-check their replies, a further question was asked: whether they would quit their present job if they were offered another similar job of their choice in the area. Their answers are matched against their statement on the first question. The result is listed below:

<u>Statement</u>	<u>(N)</u>	<u>Willing to quit</u>	
		<u>(N)</u>	<u>%</u>
Dissatisfied	(30)	(26)	86.7
Fairly satisfied	(222)	(117)	52.7
Satisfied	(144)	(32)	22.2
Very satisfied	(1)	(0)	0.0
Don't know	<u>(3)</u>	<u>(2)</u>	<u>66.7</u>
	400	(177)	44.3

The figures disclose that more than a half of those who expressed "fairly satisfied" and nearly a quarter of those who replied "satisfied" are willing to quit the job if another similar job of their choice in the area is offered. This explains the ambiguity of their statement.

It is desirable to know the distribution of the statements on job satisfaction among employees in different positions, different age groups and different educational levels. For this purpose, cross-tabulation is made for each corresponding variable. The results, as demonstrated in Table A.23, Table A.24 and Table A.25, indicate that employees of a higher position, older age and higher educational attainment tend to be more satisfied than employees of lower position, younger age and lower educational attainment. This is not very surprising when we realize that those who hold a higher position tend to be older and have higher educational attainment.

The distribution of those who are willing to quit their job also shows that people in a managerial position tend to be less willing to leave their present jobs, implying that they tend to have more secure jobs than the rest.

Employees Willing to Quit Job by Position:

Top-management	: 8.3%
Mid-management	: 24.3%
Administrative staff	: 50.0%
Supervisor/Foreman	: 38.0%
Manual Worker	: <u>59.7%</u>
ALL	: 44.3%

Realizing that there are other relevant variables which may have some influence on employee's satisfaction, an Analysis of Covariance is employed. The dependent variable is employee's satisfaction, whereas the independent variables are non-metric factors i.e. position and education. Satisfaction may also be determined by employee's age (as a proxy for experience), wages and number of dependants. These three metric-variables, therefore, are introduced into ANOVA design as covariates, to remove extraneous variation from the dependent variable, thereby increasing measurement precision.⁽¹⁾ The result taken from ANOVA table is displayed below.

ANOVA TABLE

<u>Factors</u>	<u>Sum of Squares</u>	<u>Signif. level</u>
<u>Main Effects:</u>	17.010	0.001
Position	4.421	0.01
Education	2.317	0.05
<u>Covariates:</u>	1.233	0.05
Age	0.835	0.15
No. of dependants	0.001	insignificant
Wages	0.091	0.05
Residual	112.604	
Total	130.847	

The table discloses that the main effect of each independent variable and the additive joint effects are all statistically significant at the specified level, whereas the interaction effect (covariates) is not. These findings mean that each variable: "position" and "education" and their joint effects are said to have some effect on the dependent variable: "satisfaction". This table, however, does not provide any specific information about the pattern of the effects. For an examination of the magnitude of the effects, we have to consult the Multiple Classification Analysis table displayed below. The figures in the columns of the Multiple

Classification Analysis table are the means of each category in the independent variables, expressed as deviation from the grand mean, which reflect the magnitude of the effect of each category in each independent variable on the dependent variable.

Multiple Classification Analysis Table

Variables & Categories	Unadjusted deviation	Adjusted for independent deviation	Adjusted for dep. & co - variates deviation
<u>Position:</u>			
Managerial	0.32	0.29	0.20
Clerical	-0.07	-0.10	-0.11
Worker	-0.13	-0.10	-0.06
<u>Education</u>			
University	0.29	0.06	0.07
Senior High	0.02	0.05	0.04
Junior High	-0.07	0.02	0.01
Elementary	-0.27	-0.19	-0.17
Multiple R	-	(0.361)	(0.373)
Multiple R ²	-	(0.130)	(0.139)

Grand mean = 2.30

The difference between the highest and the lowest category in each factor diminishes as we adjust for the other factor and for the three covariates, which suggests that Position and Education are related (in the context of employee's satisfaction). The multiple R rows at the bottom of the table each indicate the over-all relationship between criterion variable (Satisfaction) and the independent variables. The squared R in the second column shows that 13 per cent of variation in Satisfaction is explained by the additive effects of Position and Education. The squared R in the last column indicates that 13.9 per cent of variation in Satisfaction is explained by the additive effects of Position and Education and all covariates. In regard to the pattern of the effects, the Multiple Classification table shows that managerial category has the highest effect on employee's satisfaction, whereas the manual worker category has the lowest effect (below the grand mean). The same pattern of effects occur in variable Education. The higher the education, the higher effect it has on Satisfaction. These findings support and confirm our previous finding in which it was disclosed that employees in a managerial position and those with higher education tend to be more satisfied than manual workers.

7.2 Need Priorities at Work

To examine the employees' perception of the relative importance of their needs, each was asked to grade ten job factors, assigning a score of ten to the most important, down to a score of one for the least important. The ten factors, the mean score assigned, and the ranks of the means are presented in the following list.

<u>Job factor</u>	<u>Mean Score</u>	<u>Rank</u>
1. Wages	8.2	1
2. Job security	7.3	2
3. Congenial & helpful workmates	7.1	3
4. Fringe-benefits	6.8	4
5. Working condition	5.5	5
6. Opportunity for advancement	4.9	6
7. Suitable type of job	4.3	7
8. Superior's appreciation	3.9	8
9. Opportunity to learn the job	3.6	9
10. Working hours	3.6	10

It can be noted that the first five factors, which all have a score of five or higher, are judged to be much more important by the employees as a whole, than the remaining five. The list demonstrates that in general the employees give top priority to these five factors, four of which belong to the first and second rank of Maslow's need hierarchy. The fifth (workmates' congeniality) clearly belongs to Maslow's social need. In Herzberg's classification, all of these factors belong to the hygiene factors. These findings, except in one factor (workmates' congeniality), tend to be similar to factory worker's perception in India, as reported by Nath Singh and Wherry, Sr. They give priority to job security, earnings and personal benefits - all lower order needs.(2)

Although Maslow's hierarchy of needs is somewhat artificial, because in a real situation all human needs in some way interact together within the whole man, it does provide managers with a convenient way of understanding which type of need is likely to dominate in a certain situation.

Further examination by cross-tabulating the distribution of scores among employees in different levels of rank in the company, reveals that for the first four job factors, those in managerial positions tend to give lower scores than those in non-managerial positions. On the other hand, with job factors no. 6-9 - particularly "appreciation" and "opportunity to learn the job" - the people in managerial levels tend to give higher scores than the non-managerial employees (Table A.26). In the following we shall attempt to analyze some of the job factors that seem most worthy of our attention. Wages, benefits and job security are considered the most important three factors by all employees, although there is a tendency for non-managerial employees to give higher scores than managerial staff. This seems to reflect a country where wages are relatively low and the unemployment rate is high. For many workers, whose earnings are barely enough to support their physiological needs, wages and benefits are irrefutably matters of paramount importance. The same thing applies to job security, because getting another job is not easy. Workmates' congeniality and helpfulness is also rated highly by all employees. This is likely to be due to the strong feeling of mutual assistance and "familyism" in Indonesian society. Looking further into the distribution of scores for this

particular factor in each company, we find that employees in companies located in the rural areas or far from the city of Surabaya appear to give a higher rating to this factor than their colleagues in the companies near or in the city of Surabaya. Correlation analysis results in $r = 0.73$.

<u>Company</u>	<u>Distance from</u> <u>Surabaya</u>	<u>Average</u> <u>Score of</u> <u>Congeniality</u>
E2	0 Km.	5.3
E1	15 Km.	4.8
C1	30 Km.	5.9
C2	45 Km.	7.0
T1	60 Km.	8.4
T2	65 Km.	8.4
T3	70 Km.	7.6
T4	75 Km.	9.3

(Correlation coefficient $r = 0.73$)

Is this an indication that the underlying spirit of mutual assistance and "familyism" in the Indonesian society has degenerated in the city because of the more individualistic nature of city life? Or, is the degeneration caused by the different use of technology in the different companies? Like all human behaviour, congenial manner has a cause, which itself is the consequence of the combined effects of heredity and cultural factors. Congeniality is therefore strongly influenced by a common set of norms and values in

a society. Congeniality and mutual help among fellow-employees can also be built up in the work environment. When we work with others, merely understanding them is not enough. It is necessary for us to modify our behaviour to some extent, acting in ways which are acceptable to them rather than completely satisfying ourselves. By communicating face to face and helping each other at work every day, in normal conditions this kind of communication would develop into congeniality. The more so if the communication is further fostered by ways of socializing and recreational activities outside the work. On the other hand, a division of labour and the application of modern technology at work may break up working groups, separate individuals from each other and make communication difficult because of pressure to work at a certain pace for higher efficiency. The noise of machinery may also hamper verbal communication between workers.

For analytical purposes, we divide the companies into two groups. The first consists of two chemical and two electronic companies, located in a relatively urban area within 45 km. of Surabaya city (one is in the city). These companies have used relatively modern technology and the employees seem to be more pressed to work at a higher pace. The nature of the production process does not produce high levels of noise on the shop floor. The second group consists of four textile companies, located in comparatively rural areas within a distance ranging from 60 to 75 km. from Surabaya city. With regard to the use of technology, these companies (two of which were established before the War) use relatively old machinery and the process of production creates much more noise than in the first

group. The evidence indicates that in terms of technology used, each group of companies seem to have approximately the same rate of positive and negative influences on the degree of communication among the workers. Companies in the first group operate a relatively faster pace of work but with less noise, whereas for companies in the second group, it is the other way round. This indicates that the use of different technology alone does not satisfactorily explain the different degree of congeniality among employees between rural and urban areas. Let us see whether we can find an answer by examining the different locations of the companies and the places where the employees live. Comparing the first and the second group of companies, the following table demonstrates that the companies in the first group have fewer employees living within 5 km. of their workplace. They also have more employees with extra jobs, and fewer employees who consider socializing important in their leisure time, than companies in the second group. The number of employees in rural areas (second group) who have extra jobs is smaller than it is in urban areas, simply because being in a rural area, the labour market is limited and extra jobs are scarce.

Table 7.1

The Distance of Employee's Home from Job Site,
Extra Job and Degree of Socializing (%)

	<u>1st group of companies</u>					<u>2nd group of companies</u>					<u>Total</u>
	<u>C1</u>	<u>C2</u>	<u>E1</u>	<u>E2</u>	<u>Av.</u>	<u>T1</u>	<u>T2</u>	<u>T3</u>	<u>T4</u>	<u>Av.</u>	<u>Av.</u>
0 - 5 Km.	52	50	28	44	44	58	66	79	78	70	57
Extra job	20	12	22	26	20	6	10	10	14	10	15
<u>Socializing^a</u>	<u>34</u>	<u>26</u>	<u>18</u>	<u>16</u>	<u>24</u>	<u>32</u>	<u>30</u>	<u>42</u>	<u>36</u>	<u>35</u>	<u>30</u>

^a reciprocal social visits/social gathering outside the job.

The reason why more employees in rural areas regard socializing as important, may lie in the following explanation. A larger number of employees in rural areas live in a comparatively close range of small towns and kampongs around the companies. This makes reciprocal social visiting easy. The scarcity of extra jobs and amenities means more time is available for socializing. On top of this, the closely knit relationships among the community members in rural areas has so far been better preserved than in urban areas. All of this gives a favourable climate for reciprocal social visits and thus strengthens mutual friendship and congeniality. Also, workers regard this as social rewards. On the other hand, in urban areas, many employees are restrained from socializing because there are more extra jobs and amenities available. Their homes tend

to be scattered in a larger range of distances. These factors tend to limit the frequency and regularity of socializing and consequently affect the degree of friendship and congeniality among the employees. Based on the above evidence and suppositions, the least that we can conclude is that the degree of congeniality as a reflection of gotong-royong and kekeluargaan among the employees in rural areas seems to be higher than in urban areas.

Realizing that the number of our respondents is relatively small, the general validity of our conclusion on this particular matter should be reconfirmed by more comprehensive research. Table A.26 also indicates that the employees in lower positions tend to give higher score to "workmates' congeniality" than the employees in managerial positions. The reason could probably lie in the different nature of their jobs. Manual jobs tend to depend largely on physical rather than on mental activities. Thus, such workers have more chance to communicate informally with each other while at work. By doing so, closer relationships are gradually created. Aside from that, operative jobs need a number of supporting tasks. Communication and cooperation among different groups is therefore important. On the other hand, the nature of clerical and managerial jobs tends to be more individualistic and requires a quiet environment in which verbal communication is limited and more formal. This may lessen the opportunity for close relationships.

Let us now turn to other job factors. Opportunity for advancement has been rated sixth in the list with a tendency that employees in

higher positions tend to give higher scores to this factor. This suggests that promotion does not seem to be a prospect, especially for employees in lower positions. With regard to suitable types of job, this does not seem to concern the employees. In a country where the unemployment rate is high, many job seekers tend to accept a job which is not of their preference. Notably so, when the alternative is unemployment. It is interesting to note that while "superior's appreciation" and "opportunity to learn the job" are on average, rated low, top and mid-management appear to give high scores to those two factors, just slightly lower than the scores they give to the first three highest rated factors (wages, job security and workmates' congeniality). This suggests that there is a group of employees who do not merely strive for a lower level of needs, but have already judged that some higher needs are also important. The employers should therefore comprehend which type of needs are likely to dominate the drive of different groups of employees, and select which type of incentive is likely to best motivate the employees and lead to attainment of organizational goals. Management's power to motivate employees is effective only to the extent that, from the employees' point of view, management controls the means by which the employees can satisfy their needs.

7.3 Labour Absenteeism and Labour Turnover

Another method to detect job satisfaction is through job stability, by measuring labour absenteeism and labour turnover. The assumption is that an employee who is satisfied tends to attend his

job regularly and does not leave it for another job. Assuming that the data on absenteeism supplied by the employers in our study is reasonably correct, we find that the rate of labour absenteeism is on average 5.9 per cent of the total labour force in the companies, per day (Table 7.2). Company T4 did not release data on absenteeism on the grounds of the incompleteness of their record, but the personnel manager said that the rate of absenteeism has never been significant.

Table 7.2

Distribution of Labour Absenteeism by Company

Company	Absenteeism rate		Total employees	Av. % per day
	man per year	Av. man/day ^a		
T1	17,175	60.26	987	6.1
T2	34,137	119.78	1371	8.7
T3	21,135	74.16	927	8.0
T4	N.A	N.A	1119	7.7 ^b
C1	17,823	62.53	974	6.4
C2	8,619	30.24	754	4.0
E1	21,444	75.24	1702	4.4
E2	5,998	21.04	555	3.8
Average:				5.9

Notes: ^a One working year = 365 days - 52 Sundays - 28 official holidays = 285 days.

^b this is an interpolated number (see note 3 in Chapter 6 for the computation).

For analytical purposes, we calculate an interpolated labour absenteeism rate for Company T4, which is 7.7 per cent (the computation is presented in note 3, Chapter 6).

<u>Company</u>	<u>% of employers who are "satisfied"</u>	<u>Absenteeism</u>
T1	34	6.1
T2	18	8.7
T3	40	8.0
T4	36	7.7
C1	46	6.4
C2	42	4.0
E1	40	4.4
E2	<u>34</u>	<u>3.8</u>
Average:	36	5.9

(Correlation coefficient $(r) = -0.45$)

Correlating the rate of absenteeism with Satisfaction in each company results in correlation coefficient $(r) = -0.45$, implying that there is a moderate inverse correlation between employee's satisfaction and absenteeism. In other words, companies in which more employees express their satisfaction tend to have a moderately lower rate of absenteeism. During the survey, informal conversation with managers was held whenever spare time was available, at which some additional information was gathered. It was usual that the absenteeism rate, particularly of manual workers, increased at the beginning of each month after pay day.⁽³⁾ Absenteeism also increased after the Idul Fitri holidays. The companies in rural

areas reported an increase in absenteeism during the busy harvest time.

Further, we shall attempt to analyze whether the same pattern of correlation applies to labour turnover. Labour turnover is defined in brief as the movement of employees into and out of the company. However, it is more convenient, according to Graham, to measure it by recording movement out of the company, on the assumption that a leaver will be replaced by a new employee.⁽⁴⁾ We use Graham's formula to calculate the rate of turnover.

$$\text{Rate of turnover} = \frac{\text{number of separation (in one year)}}{\text{number of employed (in one year)}} \times 100\%$$

Following this formula, the rate of labour turnover in each company is presented in Table 7.3. The rate of labour turnover varies considerably from one company to another, with an average of 8.3 per cent. The relationship between employee's satisfaction and turnover is tested by using correlation analysis, in which we find that the correlation coefficient is -0.49.

Table 7.3Rate of Labour Turnover by Company

Company	No. of turnover	No. of employed	Rate of Turnover (%)
T1	40	987	4.0
T2	200	1371	14.6
T3	43	927	4.3
T4	200 ^a	1119	17.9
C1	61	974	6.3
C2	32	756	4.2
E1	165	1702	9.7
E2	28	555	5.6
Average:			8.3

Note: ^a Company T4 did not release data on labour turnover, but knowing that they had exercised a rationalization program, with which they managed to "drive out" some 400 employees within two years, we assume that in one year (1981), the turnover was estimated at 200 persons or 17.9% of the total labour force in the same year.

Hence, satisfaction is also moderately correlated with labour turnover. Companies in which more employees express their satisfaction tend to have a moderately lower rate of labour turnover.

CONCLUSION

The first important evidence emerging from this chapter is that older employees with higher positions, and higher educational attainment tend to be more satisfied than the rest of their colleagues. Analysis of Variance discloses that the independent variables: position and education (non-metric factors) and age, wages and number of dependants (metric variables) all show some effect on the independent variable: satisfaction.

Examining the need priorities of the employees, it is revealed that wages, job security, workmates' congeniality and fringe-benefits - all of which belong to Herzberg's hygiene factors - are considered the four most important needs to be satisfied. This evidence leads us to the conclusion that our first and second hypotheses in this chapter are confirmed. With regard to the relationship between satisfaction and labour absenteeism, our finding reveals that there is a moderate inverse correlation ($r = -0.45$), therefore, our third hypothesis is supported. It also emerges that there is a moderate inverse correlation ($r = -0.49$) between Satisfaction and labour turnover, hence, our fourth hypothesis is confirmed.

NOTES AND REFERENCES

- (1) The term "metric" means that the variable concerned can be categorized as a ratio-level measurement, according to S.S. Steven's typology of measurement.

See: Nie, N.H. et al., Statistical Package for Social Sciences, 2nd ed., New York : McGraw-Hill Book coy., 1975, pp.4-5

- (2) Nath Singh, P. and Wherry, Sr., R.J., op. cit., pp.29-33
- (3) In Indonesia salaries as well as wages are paid monthly. Only wages for casual workers are paid weekly or daily.
- (4) Graham, H.T., op. cit., p.154

CHAPTER 8

CHAPTER EIGHTREMUNERATION, BENEFITS AND SERVICES

In the first part of this chapter we shall be concerned with the amount of wages paid to the different categories of employee in each company. These wages are then compared with the minimum physical needs (MPNs) in rupiah value drawn up by the Director General of Manpower Protection and Care, in order to examine the extent to which the wages meet the needs of the employees. Next, we turn to look into the effects of wages on labour absenteeism and labour turnover. In what follows, we discuss fringe-benefits and services to see if the employers give enough attention to the welfare of the employees. The last part of this chapter will deal with the extra income earned by the employees from extra jobs outside the company and also income earned by the wives of the employees. Analysis of Variance is applied to examine the influence of such income on employee's satisfaction with their main job.

The following hypotheses are to be examined:

- (1) Financial rewards remain to be seen as one of the most basic resources to satisfy employees' needs.
- (2) Companies in which the wage standard is higher, tend to have lower rates of labour absenteeism and labour turnover.
- (3) Benefits and welfare facilities are seen as important factors to supplement the workers' wages.

8.1 Wages and Salaries

Wages as a means of providing income for employees and as a cost of doing business to the employer, constitute one of the most important subjects in the field of personnel management. The wage system, if administered properly, can also provide a source of motivation for employees to perform effectively, particularly when the lower needs of the employees have not been adequately satisfied. As mentioned earlier in the Introduction, the term wage(s) is used throughout this study as a general term, and includes salary, unless otherwise indicated, to highlight salary in its more specific context. As a general definition: wages are cash payments made in return for performance of certain employment functions or activities, arising from or in the course of employment. In this study, wages are made up of basic pay plus benefits, premiums and overtime payments, but do not include new year bonus and other irregular payments.

The normal working days are set by the Article 10 of Labour Act no.12/1948 which specifies that, "employees shall not be permitted to perform more than 7 hours a day and 40 hours a week." For any additional working hours, an extra overtime rate should be applied. Normally, wages and salaries are paid monthly, either on the last day of the month or on the first day of the following month. Weekly or daily payment is very unusual and only given to daily or casual workers. One thing to note is that most of the manual workers do not fully understand the specification of each item of payment in their wage-slip.

Although companies decide whether their wage standards are right or not by ascertaining what other companies are paying for the same category of work, it is inevitable that wages vary considerably from one company to another. The wage rate depends largely on the condition of the local labour market and the ability of companies to meet the wages. The average monthly wages (computed from the employee questionnaires) for different categories of employee in each company, are presented in Table A.27. It is shown in Table A.27 that average wages in textile companies are lower than in chemical and electronic industries. The location of the companies does not appear to affect wage differences between them.

In what follows, we shall see the extent to which the wages paid by the companies can satisfy the minimum basic needs of the employees. In 1976 and 1977, the Directorate General of Manpower Protection and Care calculated the minimum physical needs in rupiah value for a person and his family to live decently. The calculation is based on the basic needs for food and drink, fuel, lighting, accommodation, clothing, education, health care, recreation, etc. This is just a guide-line for employers to draw up the minimum wages for their employees. Since this guideline has so far not been incorporated in legislation, employers are free to apply or disregard it. In fact, the drawing up of the minimum physical needs (MPNs) is not without shortcomings, because the value in rupiahs is based on average prices recorded from different areas (cities, towns, villages) in the province. Since the living standard in cities is different from in towns and villages within the province, the MPN would have been

more objective, had it been designed for principal cities, towns and rural areas, rather than for the whole province. The minimum physical needs in rupiah value for different levels of employee in East Java province for 1977, are listed below:⁽¹⁾

For an unmarried worker (K_0)	Rp. 11,597/month
For a worker with one wife and one child (K_1)	Rp. 21,290/month
For a worker with one wife and two children (K_2)	Rp. 32,190/month
For a worker with one wife and three children (K_3)	Rp. 43,085/month

Given that the average annual inflation rate during 1970 - 1981, as recorded by the World Bank, is 19.9 per cent⁽²⁾, the MPNs at the time of our survey is estimated at Rp. 29,000 for K_0 ; Rp. 53,000 for K_1 ; Rp. 80,000 for K_2 and Rp. 107,000 for K_3 .⁽³⁾ For the purpose of comparing the minimum wages received by our employees with the MPNs, the minimum wages for each category of employee (K_0 to K_3) in each company are listed in Table 8.1 below.

Table 8.1

Lowest Absolute Wages for K_0 to K_3 in Each Company and
the MPN in Each Category

<u>Lowest Wage^a:</u>	<u>Company</u>								<u>MPN^a</u>
	T1	T2	T3	T4	C1	C2	E1	E2	
for K_0	18	16	30	24	25	50	17	30	29
for K_1	22	22	35	26	25	60	25	34	53
for K_2	25	25	46	34	29	55	29	55	80
for K_3	30	30	49	45	37	60	38	65	107

Note: ^a in thousand rupiahs per month.

Table 8.1 indicates that only in three companies (T3, C2 and E2) are all employees in K_0 category paid above the specified MPN. Only in Company C2, are all K_1 employees paid above the MPN, while all companies pay all employees in K_2 and K_3 categories below the specified MPNs. Further, the proportion of those who are paid less than the specified MPN in each category to the total number of employees in each category, is presented in Table A.28. This Table shows in total, 331 out of 400 employees in our study belong to K_0 to K_3 categories. The rest are those who have more than three children, and are not included in this particular analysis because the appropriate MPN for this category has not yet been set. Out of 331 employees in K_0 to K_3 categories, 259 (78%) are found to be paid below the specified MPN, and apparently, as disclosed in Table 8.1, all employees belonging to K_2 and K_3 categories, are underpaid.

When again, the textile companies are grouped into one cluster and the chemical and electronic companies into another, we discover that 83 per cent of K₀ to K₃ employees in the textile companies are paid lower than the specified MPN, whereas the corresponding percentage in the second cluster of companies is 73 per cent.

	<u>First Cluster</u>	<u>Second Cluster</u>	<u>All</u>
Total number of K ₀ to K ₃	162	169	331
Number paid less than MPN	135	124	259
Percentage	83	73	78

Comparing these figures with the figures in Table 8.1, we are more convinced that the wage standard in textile companies is not only lower, but also there are more employees paid below the specified MPN, than in chemical and electronic companies. Our findings seem to support the statement made by the chairman of All Indonesia Labour Federation (FBSI) in 1981, in which he said that, "around 60 per cent of the Indonesian workers are paid below the minimum physical needs. Some of them are paid Rp. 600.— (US\$ 0.94) per day, or less."⁽⁴⁾ The weak bargaining power of labour union and the non-existence of minimum wage law, has made the MPN guidelines a target so far unmet.

8.2 Wages, Labour Absenteeism and Labour Turnover

In the preceding chapter, the relationship between job satisfaction on the one hand and labour absenteeism and labour

turnover, on the other hand, has been analyzed. We discover that both are moderately correlated in a negative way. In this section an attempt is made to see whether similar results apply to the relationship between wages and those two variables. Correlation analysis shows a very strong inverse correlation between wages and labour absenteeism, implying that companies paying higher wages have a lower rate of absenteeism.

<u>Company</u>	<u>Average monthly wages^a</u>	<u>Absenteeism rate (%)</u>
T1	93	6.1
T2	68	8.7
T3	97	8.0
T4	105	7.7
C1	136	6.4
C2	200	4.0
E1	149	4.4
E2	203	3.8

Note: ^a in thousand rupiahs

Correlation coefficient (r) = -0.81. Signif. = 0.001

Hypothesis Testing also confirms that companies paying comparatively higher wages tend to have a lower rate of absenteeism at 0.01 level of significance.

Now, we turn to look into the relationship between wages and labour turnover. The assumption is, of course, that the higher the wages, the lower the rate of labour turnover.

<u>Company</u>	<u>Average monthly wages^a</u>	<u>Turnover rate (%)</u>
T1	93	4.0
T2	68	14.6
T3	97	4.3
T4	105	17.9
C1	136	6.3
C2	200	4.2
E1	149	9.7
E2	203	5.6

Note: ^a in thousand rupiahs

Correlation coefficient (r) = -0.436 Signif. = 0.10

Correlation analysis reveals that there is a moderate inverse correlation between wages and labour turnover. This finding is also confirmed by Hypothesis Testing at 0.10 level of significance.

8.3 Benefits and Services

In brief, fringe-benefits mean rewards to an employee apart from wages or salary. The main characteristic of benefit is that it is not directly related to merit, but often improves with status and

length of service.⁽⁵⁾ According to Flippo, there is some evidence to support the conclusion that benefits and services act more as hygiene factors than as motivators.⁽⁶⁾ They probably increase satisfaction, but will certainly bring about dissatisfaction if they are inconsistently and carelessly administered, giving rise to accusation of favouritism, unfairness or meanness. The amount of money spent on benefits and services also indicates the type of management practiced in the company. Paternalistic management tends to spend more on benefits and services endorsing the concept that employers must assume a fatherly attitude to the welfare of the employees and their families. The more so in the situation where wages are generally low. To get a reasonably precise measure of fringe-benefits is not easy as some benefits are given only under certain conditions, such as death allowance. Some are less tangible since they are not given to the employees in monetary form, this includes paid rest periods, lunch periods, wash-up time, sick leave, etc. An attempt to obtain detailed data on fringe-benefits from the companies in our study was unsuccessful, partly because of the deficiency in recording, and partly because the companies refused to release some data, primarily on sensitive items such as the amount of functional allowances. However, they released the total amount of fringe-benefits expressed as a percentage of payroll, with an average of 48.4 per cent as listed below.

Company:	<u>T1</u>	<u>T2</u>	<u>T3</u>	<u>T4</u>	<u>C1</u>	<u>C2</u>	<u>E1</u>	<u>E2</u>	<u>Average</u>
Fringe benefits (%):	42	36	51	-a	44	60	52	54	48.4

Note: a data not available.

As mentioned earlier in Chapter 2, a biennial survey on 361 companies in the U.S.A, conducted by the U.S. Chamber of Commerce showed that the costs of all fringe-benefits was 26.6 per cent of payroll.⁽⁷⁾ Assuming that the data obtained from the companies in this study are reasonably correct and comparing the average figure with that in the U.S.A. it is probably safe to conclude that the fringe-benefit cost in Indonesia is high. This evidence appears to be one of the supporting factors for our supposition that the Indonesian management style is paternalistic. The most expected yearly allowance is Idul Fitri and New Year (Christmas) gratuities, which are usually distributed one week before Idul Fitri, for Moslem employees and one week before Christmas for non-Moslems. The amount of this particular benefit is different from one company to another, depending on many considerations such as the generosity of the employer and the prosperity of the company, but commonly, the amount is equal to a month's wages.

With regard to the facilitative type of welfare services, the following table shows the availability of each service in each company.

Table 8.2Type of Facilitative Welfare Services in Each Company

Type of Service	Company							
	T1	T2	T3	T4	C1	C2	E1	E2
Medical Clinic	X	X	X	X	X	X	X	X
Housing	X	-	X	X	-	X	-	X
Common Hall	X	X	X	X	X	X	X	-
Cafeteria	X	X	X	X	X	X	X	X
Musholla ^a	X	-	X	X	X	X	X	X
Library	-	-	X	-	-	-	-	-
Sportsground	-	-	X	X	-	-	-	-
Co-op Shop	-	-	X	-	-	-	-	-
School bus	-	-	-	X	-	-	-	-

Note: ^a a small mosque or hall for Friday prayers.

8.4 Extra Income

For most employees in our study, wages are the principal source of income to satisfy the needs of their family. As earlier revealed, 259 out of 331 employees in K₀ to K₃ categories (78%) are paid less than the minimum physical needs. Aside from this, Indonesia's average wage rates remain among the lowest even by ASEAN

standards and have tended to lag behind prices.⁽⁸⁾ Consequently, many workers try to increase their income by working at home or somewhere else outside normal working hours or at week-ends and holidays, whenever a job is available. The responses of our respondents reveal that 120 out of 400 employees reported having a second job. The percentage of employees in each occupational level who have a second job is listed below.

Table 8.3

Percentage of Employees in Each Position Who
Have a Second Job

Position:	Total Number	Second job holder	%	Average Wages ^a
Managerial	98	24	24.5	314
Clerical	64	20	31.3	89
Supervisor/Foreman	79	22	27.8	95
Manual Worker	159	54	34.0	48
All	400	120	30.0	129

Note: ^a in thousand rupiahs per month.

Table 8.3 indicates that the percentage of employees who have a second job tends to decrease as their earnings increase. Nearly one quarter of the employees in managerial positions, have a second job, whereas the proportion of manual workers who have a second job is slightly over one-third. The proportion for the other category of employees is in between these two points. Judging that more than one-third of the employees are paid below the MPN, the high proportion of the employees who hold a second job is understandable. Marital status of the employees may also influence the degree of this effort to get a second job. Married workers, for instance, are assumed to bear a greater burden to satisfy the needs of their family than the unmarried ones. Our findings, however, show that 29.6 per cent of married employees and 32.8 per cent of unmarried employees, have a second job. This apparent "discrepancy" could well be explained that while married employees have family burdens, the unmarried ones are also filled with desire to be more independent from their parents and to set up a family. Therefore, both groups are induced to seek additional income, and it is particularly true in a situation where the wage standard is low. The types of extra jobs held by the employees are listed in the following table.

Table 8.4Type of Extra Job Held by the Employees

Type of job:	No. of employees	Percent
Construction labour	26	21.7
Electronic repair	30	25.0
Farming	27	22.5
Money lender	6	5.0
Physician ^a	1	0.8
Retailer	8	6.7
Clerical	6	5.0
Tailor	14	11.6
Teacher	2	1.7
Total	120	100.0

Note: ^a A company G.P. who also practices his profession in his own surgery in the evening.

As can be seen in Table 8.4, electronic repair stands highest in the list; not less than 25 per cent of the employees who have an extra job, hold this particular extra job, either at home or at repair shops. Since radios and tape-recorders have become cheaper and more popular, electronic repair businesses have flourished. Consequently, employees who have some experience in repairing

electronics (particularly those who work with electronic companies), have an advantage to get this particular by-job. Casual work as a construction worker is relatively easy to get, but the work is hard and the pay is low. Some workers inherit, own, or rent a piece of land and by farming the land, they get extra income. Some other employees run a tailoring business in the evening or at week-ends, usually assisted by their family members.

To obtain a reasonably exact measure of the extra income is not easy as some of the second jobs are intermittent. Nevertheless, we manage to get a "rough average" of their extra income.

Table 8.5

Comparison of Extra Income and Wages by Position

Position	Average Wages ^a	Average Extra Income ^a	Percent
Top-management	443	98	22.1
Mid-management	272	56	20.6
Administrative	89	22	24.7
Supervisor/Foreman	95	36	37.9
Manual worker	48	20	41.3
ALL	129	35	27.1

Note: ^a in thousand rupiahs per month.

Table 8.5 demonstrates that in total, the average extra-income derived from a second job is 27.1 per cent of the average wages, ranging from around 20 per cent at management level, up to slightly above 40 per cent for manual workers. No doubt, such extra-income is valuable for many workers to ease their financial burden. Unrecorded conversation with some workers about the value of their second jobs, revealed some of their common statements such as:

"Since I have got a by-job, my children's school fees do not annoy my thought any longer."

"My eldest son had long been asking for a bicycle, but I could not fulfil his request until I got a second job as a part time radio repairer."

I am lucky to have a by-job so that I can afford to have slametan (religious ritual) more regularly."⁽⁹⁾

All seem to agree that extra-income is of great value to them, but it is spent mainly for consumptive purposes rather than for saving. As long as the basic needs have not been fully satisfied, people do not bother much about precautionary motive. While on the one hand, a second job proved to be valuable for the workers who have one, on the other hand, it would exhaust the workers. No investigation has so far been made as to whether their second jobs during the time they are supposed to rest or to do some recreational activities with their family has negative effects on their jobs in the company.

To evaluate the relationship between employee's extra income on the one hand (dependent variable) and Position and Education (independent variables) on the other hand, an Analysis of Variance (ANOVA) is applied. To suppress the extraneous variation from the

dependent variable, age and number of dependants are introduced as co-variates. The ANOVA results, as seen in Table A.29, show that the equation is statistically significant at 0.001 level and 10.7 per cent of the variation in extra-income is explained by the additive effects of Position and Education and all covariates. This can be interpreted as Position and Education and their joint effects having some effect on extra income. The MCA table indicates that managerial position and university education have the highest effect on extra income. (See also Table 8.5)

Income-earning Wives

Out of our 400 respondents, 345 reported being married (86.3%), 44 persons single (11%) and 11 persons widowed/divorced (2.7%). Of the married employees, 88 persons (25.5%) reported that their wives, by one means or another, earned some money. Despite the fact that over 90 per cent of the Indonesian population claim to be Moslem, the number of women who are economically active, is closer to European rather than to Islamic countries. As displayed in ILO Year Book 1978⁽¹⁰⁾, 34 per cent of Indonesian women aged 15 to 65 were in the labour force (1975), whereas in the Islamic countries of West Asia and North Africa, the number was generally less than 10 per cent and in Europe (Eastern Europe excluded), the number was around 40 per cent (U.K.: 53%). This indicates that Indonesian women are more "emancipated" than their counterparts in Islamic countries.

Table 8.6Comparison of Employee's with Wife's Income

Position	Employee's	Wife's	%	(N)
	Average wage ^a	Average wage ^a		
Top-management	443	266	60.0	(5)
Mid-management	272	155	56.9	(18)
Clerical	89	43	48.3	(14)
Supervisor/Foreman	95	54	56.8	(18)
Manual worker	48	29	60.4	(33)
	129	76	58.9	(88)

Notes: N = number of married employees with income-earning wives.

^a in thousand rupiahs per month.

The magnitude of the income of employees' wives shown in Table 8.6 indicates its important proportion in their total income.

Further, an attempt is made to determine whether extra-income and wife's income have some influence on the employee's satisfaction in the company. Crosstabulation in Table A.30 indicates that over a half of the employees who have extra-income from a second job declared they are generally satisfied, whereas the corresponding number for the employees who have no extra-income is less than one-third. This implies that employees with a second job tend to

feel more satisfied than those who have not. A similar result is obtained from the crosstabulation in Table A.31, which provides some indication that married employees with income-earning wives tend to feel more content than those whose wives do not earn money. The above findings appear to be supported by the Analysis of Variance results (Table A.32), in which the equation is significant at 0.025 level and 7.7 per cent of the total variance is explained. These results lead us to the conclusion that both employee's extra income and wife's income have some effect on employee's satisfaction in the company (but the latter has less effect than the former). The best explanation for this is probably that employees who earn extra-income and whose wives earn income tend to be under less pressure of necessity, and therefore, feel more relaxed and more content with their situation.

CONCLUSION

The first important finding in this chapter is the evidence that 78 per cent of the employees in K_0 to K_3 categories are found to be paid below the specified minimum physical needs (MPN) and apparently, all employees in K_2 and K_3 categories are all paid less than the specified MPN.

Comparison between textile companies in one group and chemical and electronic companies in another, points out that more employees in the first group (83 % of K_0 to K_3) are paid below the specified MPN than in the second group (73 % of K_0 to K_3). This evidence, combined with the already confirmed hypothesis in Chapter 7 which says: primary needs are considered important needs to be satisfied, leads us to the conclusion that our first hypothesis in this chapter is confirmed.

In respect of the effect of wages on labour absenteeism and labour turnover, correlation analyses show a strong inverse relationship between wages and labour absenteeism and a moderate inverse relationship between wages and labour turnover. The testing of hypothesis in these cases also results in statistical significance at 0.01 and 0.10 level, respectively. Therefore, our second hypothesis is supported.

Crosstabulation of employee's degree of satisfaction by extra-income earned from a second job, provides an indication that employees with

extra-income tend to be more satisfied with their main job than those with no extra-income. Crosstabulation of employee's degree of satisfaction against income-earning wife also suggest that employees with income-earning wives tend to be more satisfied with their job. An application of Analysis of Variance (ANOVA) also confirms these results at 0.025 level of significance and 7.7 per cent of explained total variance.

Aside from wages, non-wage benefits and welfare services which reflect the paternalistic Indonesian management style, are also seen as important factors which serve to compensate for the generally low wages. Many workers respond positively to this kind of management policy. Therefore, our third hypothesis is confirmed.

With the confirmation of the above hypotheses, we can conclude that financial rewards and benefits and welfare services appear to be strong managerial tools to control workers.

Still related to remuneration, in the next chapter, an Earnings function analysis will be applied to assess the effects of education and length of service on the earnings of the employees.

NOTES AND REFERENCES

- (1) Department of Manpower, Report on Survey for Data Uniformity on Remuneration, Jakarta, 1979, Tables III-7, III-9 and III-11.
- (2) World Bank Development Report 1984.
- (3) Computed with compound interest method: $M_n = M_o (1+i)^n$.
 M_n = MPN at the time of survey.
 M_o = MPN in 1977 (the year when MPN was drawn up).
 i = average annual rate of inflation (rounded up to 20%).
 n = years.
- (4) TEMPO, no.10, 9 May, 1981, p.13.
Rp. 600 in 1981 was approximately worth U.S.\$ 0.94.
- (5) Graham, H.T., op. cit., pp.214-15
- (6) Flippo, E.B., op, cit., p.535
- (7) Bloom, G.T. and Northrup, H.R., op. cit., pp.152-53
- (8) Lloyds Bank Group Economic Report on INDONESIA, London: Lloyds Bank Ltd., Overseas Division, Sept. 1983.
- (9) Slametan in Javanese society is the most common religious ritual, the communal feast. The purpose of slametan is to bring something/somebody into a condition of slamet (well being, nothing evil is going to happen). Slametan can be held for almost any occasion such as when a person is going on a faraway journey or starting a new business venture. The most common is to have slametan for events in life cycle such as: pregnancy, birth, circumcision, marriage, funeral and other (Javanese) calendrical events.
See also: 1. Geertz, C., The Religion of Java, Illinois: The Free Press of Glencoe, 1960, pp.38-85
2. Wessing, R., Cosmology and Social Behaviour in West Javanese Settlement, unpublished Thesis, University of Illinois, 1974, pp.121-26
- (10) See: Crow, B. and Thomas, A., Third World Atlas, Open University Press, Milton Keynes, 1983, pp.56-57 and 68-69

CHAPTER 9

CHAPTER NINEEARNINGS FUNCTION ANALYSIS

In the preceding chapter, we discussed employee's earnings. Still in connection with earnings, the first part of this chapter will deal with the age-earnings profiles of the employees in our study, preceded by some brief theoretical background. An attempt will then be made to assess the effects (or contributions) of education and length of experience on the earnings of the employees, by applying regression analysis. To test the effects of education on earnings in different strata of employment experience (expressed in years) and the effects of employment experience on earnings in different levels of education, our sample will be stratified in turn, by employment experience and by education.

Our principal hypotheses in this chapter are:

- (1) While the contribution of education to earnings tends to increase with experience, it also represents a decreasing contribution of education to earnings for more recent cohorts of entrants to wage employment.
- (2) The link between compensation and educational attainment, age and length of service is strong so that the payment system appears to be an effective managerial tool for controlling workers.

9.1 Age-earnings Profiles.

Human capital theory proposes that not all of the economic capabilities of a people are given by birth. Many of these capabilities depend on the knowledge and skills people invest themselves with, through education and training. This investment is geared to the formation of human capital.⁽¹⁾ It has been proved elsewhere that the amount of education attained by an individual tends to be positively correlated with personal earnings. Psacharopoulos, for instance, found that in each of 53 case studies in 32 countries surveyed, there was a positive association between educational attainment of workers and their earnings.⁽²⁾ Blaug also reports evidence for some 40 countries that age-earnings profiles at different educational levels are concave from below, meaning that education correlates positively with earnings, although they may decline after reaching a peak.⁽³⁾

Age, sex, race, native ability, social and family background, kind of employment, occupation and on-the-job training are other important variables of personal earnings. Apart from age, however, none of these are as influential on earnings as education. In brief, additional education could be expected to raise lifetime earnings and, in this sense, the acquisition of education is of the nature of a private investment decision geared to future returns. In this particular case we are concerned with private rates of return because it relates the costs (investment) of education as incurred by the individual to the benefits of education as realized

by the same individual in the form of wages. Between any two groups of individuals of the same age and sex, the group with more education tends to have higher average earnings from employment. Or, to put it in other words: in general, everyone tends to earn more as they grow older and acquire more work experience, but the person with more education will tend to start off at a higher salary and this differential tends to widen with age up to the last year before retirement. Therefore, if we draw a graph of earnings against age for each level of years of schooling, the successive "age-earnings profiles" will lie neatly in ascending order almost without ever crossing each other. Of course, these are mean earnings of cohorts with varying years of schooling. It is not that every university graduate earns more than every high school graduate, or every high school graduate more than every elementary school graduate, but the central tendency remains unmistakeable.

Blaug further asserts that age-earnings profiles reveal three striking characteristics:

- (1) All profiles, irrespective of the years of schooling or level of education attained, increase with age up to a maximum point somewhere at the age of forty and then level off, or in some cases even decline (concave from below).
- (2) The higher the educational attainment, the steeper the rise in earnings throughout the early phases of working life and usually, although not invariably, the higher the starting salary.
- (3) The higher the educational attainment, the later the year at which maximum earnings are reached and the higher the retirement earnings.⁽⁴⁾

The best explanation for the concave-from-below-shape of the age-earnings profiles is that experience gained in "earning by doing" is subject to diminishing returns, added perhaps by the tendency that of formal education itself to be subject to obsolescence after a passage of time. The explanation for the characteristics of age-earnings profile lies with the reason that education is everywhere regarded as something valuable that must be financially rewarded. From the economic point of view, better educated workers are better paid because education imparts vocationally useful skills which are in relatively scarce supply. Furthermore, education makes the workers of a given age, sex, native ability and work experience more productive when furnished with the same quantity and quality of management, capital equipment and training. This is because the possession of education itself is an input to the production function of skill formation. The fact that the earnings of more educated people rise faster with age (steeper profile) is simply because they are considered more able or better equipped to make use of what native ability they have. In consequence of this, they rise faster in the occupational hierarchy. Similarly, they may reach the peak of earnings at a later age than people with lower education and suffer less from decline of earnings in the last years of their working life, because they shift into executive positions where they are relatively protected from performance rating, even after their efficiency has begun to decrease. Further, employers may regard a paper qualification (school certificate) as a reliable indication of personal skill - "skill labelling by paper qualification" as

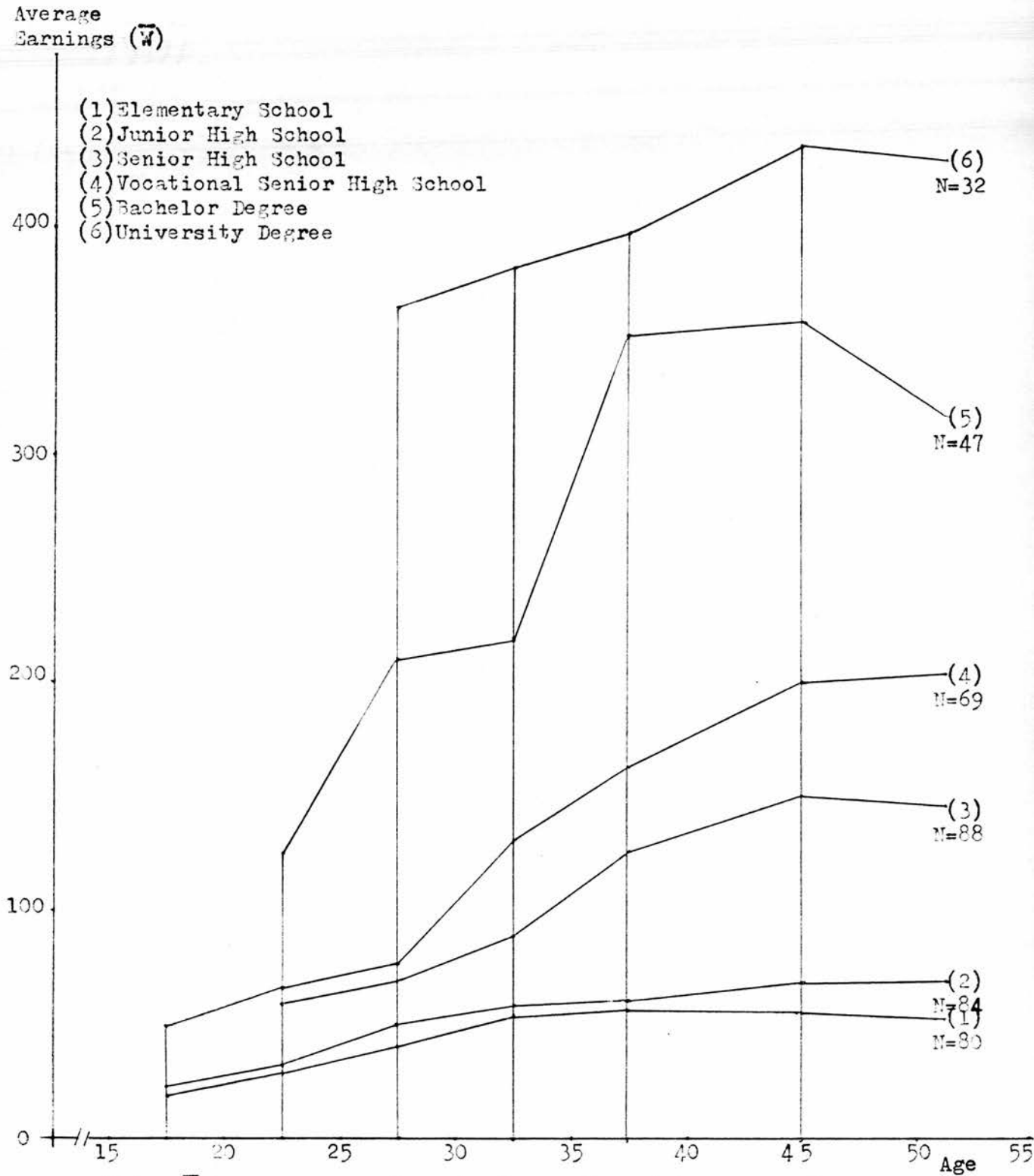
Leibenstein⁽⁵⁾ has called it -, and achievement drive. Thus, people with more years of schooling get jobs with better pay because the diploma identifies them to the employers as better men.

As a summary let us quote Blaug's statement:

"The simplest explanation of the universal association between education and earnings across sectors, industries and occupational categories around the world is that the better educated are generally more flexible and more motivated, adapt themselves more easily to changing circumstances, benefit more from work experience and training, act with greater initiative in problem-solving situations, assume supervisory responsibility more quickly and, in short, are more productive than the less educated even when their education has taught them no specific skills."⁽⁶⁾

In the following, we shall examine the feature of the unadjusted age-earnings profiles of our 400 respondents, presented in Figure 9.1. The patterns of the profiles are basically similar to those obtained by Blaug and Psacharopoulos mentioned earlier. All profiles increase with age, reaching a peak around 40 to 45 years of age and then level off or decline but still higher than before reaching the peak, except the last step of graph (5) which falls steeply. This last step of the graph, however, has to be treated as exceptional, because the respondent^P who belongs to this category (51 to 59 years age-bracket) is only one person. In terms of earnings differentials, the earning-profiles tend to cluster into three groups.

Figure 9.1
Unadjusted Age - Earnings Profiles



Elementary and junior high school graduates belong to the lowest group, in which the earning differential appears to be very slight. The results of education dummy variables in regression analysis discussed in the next section confirm this meagre differential. The second group consists of general senior high school and vocational high school graduates, in which the latter gain a slightly higher premium at every age level, and the difference tends to widen with age. This suggests that promotion for vocational high school graduates is faster. The third group consists of bachelor and university degree holders, who both start and continue in much higher earning levels than any other group.⁽⁷⁾ The wide gap between each group suggests the strength of educational credentialism.

9.2 Earnings Function Analysis

Two methods will be used in this section. The first method will deal with the effects of education and experience and their interaction, on earnings, using regression equations, basically derived from Mincer's model.⁽⁸⁾ The dependent variable is worker's earnings (in natural logarithm) with years of education and total employment years as independent variables.

The First Method

The following regression equations are made for the sample of 400 employees in our study.

$$(1) \quad W = f(E)$$

$$(2) \quad W = f(E, M)$$

$$(3) \quad W = f(E, M, M^2)$$

$$(4) \quad W = f(E, M, M^2, E.M)$$

$$(5) \quad W = f(E_2, E_3, E_4, E_5, M_2, M_3, M_4, M_5)$$

where:

W = total earnings (in natural log.)

E = total years of formal education

M = total years of wage employment experience

E_i = education dummy variables, with

E_1 = 1-6 years (elementary), as base dummy

E_2 = 7-9 years (junior high school)

E_3 = 10-12 years (senior high school)

E_4 = 10-12 years (vocational high school)

E_5 = 13-16 years (bachelor degree)

E_6 = 17+ (university)

M_j = employment experience dummy variables, with

M_1 = 1-5 years (base dummy)

M_2 = 6-10 years

M_3 = 11-15 years

M_4 = 16-20 years

M_5 = 21-40 years

The results of the first method are set out in Table 9.1. Equations (1) to (3) show the familiar earnings function results. In equation (1), the coefficient on E is positive, statistically

significant at 0.001 level and 54 per cent of the variation in earnings is explained by the education variable alone. Similar results are obtained from coefficients on M , but smaller than they are on E . The introduction of employment experience variable (M) in equation (2) and (3) has increased the explanatory power of the earnings function by nearly 11 per cent. The coefficient on M^2 is negative and statistically insignificant. When the interaction term $E.M$ is introduced in equation (4), the coefficient is small but positive and statistically significant at 0.05 level. It represents the joint effects over and above the sum of their separate effects on earnings. To examine the disparities in the rates of return for different levels of education and for different lengths of employment experience, dummy variables are introduced in equation (5). Here, the coefficients on education dummies are positive, significant, and rise consistently as education increases. Similar results are obtained in employment experience dummies. In each equation, the explanatory power (R^2) is above 50 per cent.

The explanation that coefficients on E are positive, as mentioned earlier in this chapter, can be obtained from human capital theory. The formation of human capital through education affects particular human capabilities to do productive work which in turn yields a positive rate of return. The positive coefficients on E , however, could also be caused by the practice of educational credentialism. In the Indonesian case, the latter tends to play a significant part in making the positive rate of return on education. Aside from being considered as a social prestige, education (school

Table 9.1Regression Coefficients in Earnings Function

Equation	(1)	(2)	(3)	(4)	(5)
E	0.1590**				
E		0.1612**			
M		0.0436**			
E			0.1613**		
M			0.0446**		
M ²			-0.0003		
E				0.1812**	
M				0.0630**	
M ²				-0.0006	
E.M				0.0004 ⁺	
E2					0.1345*
E3					0.8071**
E4					0.9662**
E5					1.4381**
E6					2.2141**
M2					0.4376**
M3					0.6851**
M4					0.8851**
M5					1.0983**
\bar{R}^2	0.5412	0.6499	0.6490	0.6498	0.6164
F	236.39	247.92	185.48	149.12	81.15

Notes: ** significant at 0.001 level
 * significant at 0.01 level
 + significant at 0.05 level

Average earnings (\bar{W}) is Rp. 129,000 per month.

Average education (\bar{E}) is 11.9 years.

Average employment experience (\bar{M}) is 14.4 years.

Base dummy for education (E1) is elementary school.

Base dummy for employment experience (M1) is 1 to 5 years.

Independent variable training is included in the equations but not displayed in the table because the coefficients are trivial.

certificate) in Indonesia has been by and large a very important key in access to jobs and a passport to gain a certain level of position in the employment, depending on the qualification of the certificate. This appears to be strongly supported by our findings in Chapter 6, in which education is the leading criteria among the cognitive criteria for selecting recruits (Table A.22). The introduction of education and employment experience dummy variables in the equation (5) has generated the following results:

E1 = base dummy	E4 = 0.9662
E2 = 0.1345	E5 = 1.4381
E3 = 0.8071	E6 = 2.2141

The figures indicated that the additional increase in earnings for each stage of education above the excluded based dummy E1 (elementary school) ranges from 13.5 to 221 per cent. The advantage

of a university graduate is 221 per cent of the average earnings of elementary school leavers. The difference between each stage of education can be computed in the following way:

	<u>Difference between</u>	<u>% difference</u>
E1 and E2		13.5
E2 and E3 =	$\frac{0.8071 - 0.1345}{1 + 0.1345} \times 100 =$	59.3
E3 and E4 =	$\frac{0.9662 - 0.8071}{1 + 0.8071} \times 100 =$	8.8
E4 and E5 =	$\frac{1.4381 - 0.9662}{1 + 0.9662} \times 100 =$	24.0
E5 and E6 =	$\frac{2.2141 - 1.4381}{1 + 1.4381} \times 100 =$	31.8

Notably, junior high school graduates have an advantage of only 13.5 per cent above the average earnings of the elementary school leavers. Another notable feature is that vocational high school graduates have enjoyed a slightly higher premium (8.8%) than those with general senior high school education. Despite this small difference, vocational schools have not been popular, and are less prestigious than general academic schools. People's attitudes about which occupations carry the greatest social prestige tend to influence the choice of schools. The classical curricula in the humanities, social sciences, and advanced sciences, which are expected to lead to white-collar jobs and government service, continue to carry more social prestige. This has induced the young

to prefer the general academic curricula rather than vocational schools. Many people still see manual work, which is supposed to be held by vocational school graduates, as "soiled work". These inferences are supported by the figures in Table A.5 in the appendix. Except in the year 1978/1979, the number of senior high school students was higher than that of vocational high schools. In percentage of total student population, senior high school students showed an increasing rate from 2.6 per cent in 1978/1979 to 4.3 per cent in 1981/1982, whereas the corresponding number for vocational high school students decreased from 2.9 to 2.4 per cent.

Now we turn to look into the coefficients on different stages of employment experience (expressed in length of service).

M1 = base dummy

M2 = 0.4376

M3 = 0.6851

M4 = 0.8851

M5 = 1.0983

The additional increase for each stage of employment experience ranges from 43.8 to 110 per cent above the dummy base M1. The difference between each stage of employment experience can be computed in the following way:

	<u>Difference between</u>	<u>% difference</u>
M1 and M2		43.8
M2 and M3	$= \frac{0.6851 - 0.4376}{1 + 0.4376} \times 100 =$	17.2
M3 and M4	$= \frac{0.8851 - 0.6851}{1 + 0.6851} \times 100 =$	11.9
M4 and M5	$= \frac{1.0938 - 0.8851}{1 + 0.8851} \times 100 =$	11.3

The difference between M1 (1 to 5 years experience) and M2 (6 to 10 years experience) is highest among the differences between each stratum of employment experience. This is understandable considering that workers in the M1 bracket are at an earlier stage in their career, and their native ability is still at an earlier stage of development. In the longer period of employment, the premium tends to be subject to the law of diminishing returns. This characteristic is also shown in the age-earnings profiles in Figures 9.1.

The Second Method

To test the effects of education on earnings in different strata of employment experience and the effects of employment experience on earnings in different levels of education, the sample is stratified in turn, by employment experience and by education. The results are set out in Table 9.2 and Table 9.3.

Table 9.2 reveals that the coefficients on E are all statistically significant and rise with employment experience, reach the highest level for the workers with 21 to 25 years of employment experience (or approximately equivalent to the workers within 40 to 45 years of age), and then begin to decrease although remaining higher than the coefficients before reaching the peak. The coefficients also show that the average overall rate of return for education is about 17 per cent per year of schooling. Psacharopoulos' study reveals that the overall rate of return to education in Thailand, India, the Philippines and Malaysia is 25.2, 17.2, 12.7 and 10.6 per cent,

Table 9.2

Coefficients on Education in Earning Function

Sample Stratified by Total Experience

Equation	(6)	(7)	(8)	(9)	(10)	(11)
Experience (yrs)	1-5	6-10	11-20	21-25	26-30	31-40
Coef. on E	0.1592**	0.1608**	0.1668**	0.1834**	0.1687**	0.1774*
\bar{R}^2	0.6592	0.6575	0.5933	0.5546	0.5287	0.4330
\bar{W}	106	93	131	153	235	273
\bar{E}	13.7	11.6	11.8	12.1	12.8	11.5
(N)	(29)	(98)	(215)	(34)	(16)	(8)

Notes: ** significant at 0.001 level

* significant at 0.01 level

E = Education

\bar{W} = mean of earnings in thousand rupiahs per month.
Another independent variable included in the equation is training.

Table 9.3

Coefficients on Employment Experience in Earnings Function
Sample Stratified by Education

Equation	(12)	(13)	(14)	(15)
Education:	Elementary	Junior High	Sen. High	Higher Ed.
Coef. on M	0.0373**	0.0368**	0.0419**	0.0496**
\bar{R}^2	0.5787	0.3975	0.4344	0.4904
\bar{W}	42.5	48.4	90.8	250.0
\bar{M}	13.8	15.0	13.9	14.9
(N)	(80)	(84)	(157)	(79)

Notes: ** significant at 0.001 level
M = Employment experience.

\bar{W} = mean of earnings in thousand rupiahs per month.
Another independent variable included in the regression equations is training.

respectively.⁽⁹⁾ Thus the average overall rate of return to education in Indonesia is higher than those in her two neighbouring countries: the Philippines and Malaysia, but lower than that in Thailand and India.

Table 9.3 points out that the coefficients on M show a trend of increasing as education rises, with a slight fluctuation. Two notable implications emerge from these two tables:

- (1) education adds proportionally more to earnings as employment experience rises up to 21 to 25 years of experience, then begins to slightly decline.

- (2) employment experience adds proportionally more to earnings as educational attainment rises.

The first result could be explained by human capital theory and screening theory. According to human capital theory, the possession of education is an input to the production of skill formation. In other words, formal schooling and post-school human capital formation are complementary. Consequently, the effects of education to earnings tend to rise with experience and on the other hand the effects of experience to earnings will also tend to rise as education rises. This completely explains the second result, although educational credentialism also plays an important part in explaining this particular case. However, human capital theory also suggests that the formation of human capital through formal education depreciates over time. These all explain why the coefficients on E rise with experience, reach a maximum point and then start to level off or decline. The decline of the coefficient on E after reaching the highest point could also be explained by screening theory. As previously mentioned, in Indonesia educational credentialism has been widely practised. It has resulted in workers with more schooling enjoying relatively higher starting wages. When employment experience lengthens, the value of educational certificates may decrease because the further assessment is no more based only on education, but also in accord with many other factors such as merit ratings, attitude, etc.

Looking back into the results in Table 9.2, we are concerned with the notion that length of employment service (M) does not only mean the length of time an employee has been in wage employment, but also indicates the time (year) he entered wage employment, and thus classifies cohorts who joined work at different times (years). An employee who has a shorter M belongs to newer cohorts than those with longer M. Based on this concept, the results shown in Table 9.2 can suggest that what appear to be increasing returns to education with experience (in equations 6 to 9) could represent decreasing returns to education for the more recent cohorts of entrants to wage employment.⁽⁹⁾ Hypothetically, this could be explained by looking at the supply of manpower from the education system and the current demand for this manpower. An increase in available manpower from education system, which thereby exceeds demand, may cause a change in the relationship between worker's education attainment and their occupation. A "filtering down process" will take place in the way that more school graduates are forced to accept a lower job than predecessors with the same educational qualifications. Another possibility is that employers have raised the educational requirements for the same job contents following the expansion of manpower supply from the education system. This would result in a lower earnings premium on education for the more recent labour entrants. Does the above explanation apply to our data? First, we shall examine the supply of manpower from the education system. Historically, after independence, education in Indonesia proliferated quite rapidly. This was partly in response to rising demand from the business and industrial

circles for more educated manpower, and to produce the badly needed government officials and to help fulfil the social demand for education as a source of prestige. It has not been easy to assess whether the supply of educated manpower has surpassed the growth in demand, because reliable data on the number of school leavers and the number of job opportunities are not available. Therefore, available indirect data and information will be used, to support our analysis. According to the 1980 Census (see Table A.8), 29 per cent of the labour force had never attended school. This means that a greater part of the labour force were the products of the education system. In 1982 there was a major study on employment undertaken jointly by the National Planning Board, Central Bureau of Statistics, Ministry of Manpower and Ministry of Education and Culture. They forecast that the labour force would grow by 7.8 to 9.5 million by the end of the Fourth Five Year Plan (REPELITA IV, 1984 - 1988). They assumed a real GDP growth of 5.8 per cent a year at 1981 prices, and employment elasticity (the ratio of employment growth to GDP growth) of about 0.47. The study concluded that 7.7 million workers could be absorbed during the five-year plan. Some economic observers, however, were not so optimistic, in view of the lingering effect of the economic recession and the cuts in OPEC prices and output. They predicted that growth expectation during the plan would be only 3 to 4 per cent at 1981 prices. Consequently there could be 3 to 4 million additional workers unabsorbed at the end of PELITA IV, and inevitably a great proportion would be manpower supplied from the education system.⁽¹¹⁾ Further evidence could be obtained from the 1976 Intercensal Population Survey (shown

in Table A.7) which disclosed that rates of unemployment increased with the level of education up to the upper secondary school. This evidence suggests that the supply of manpower from the education system has exceeded the demand for it. Two possible consequences may emerge:

- (1) confronted with the increasing number of school leavers, the employers may be obliged to raise the educational requirements for their recruits in order to maintain the same level of selection without there being any real change in job content.
- (2) more school leavers are forced to accept a lower job than predecessors having the same educational qualifications.

Although no evidence could be found from our sample that the employers have raised the educational requirements for the more recent recruits, we do not refute it completely. Firstly, our sample is small and secondly, Hallak and Caillods in their survey in Jakarta and Padang have found that over seven years (1970 - 1977) there had been a rise in educational requirement for every job category with the exception of management; a rapid rise for middle-level categories of job and a slow one for other job categories.⁽¹²⁾ Therefore, the evidence recorded in Table 9.4 is more likely to support the second conclusion. The figures in Table 9.4 show the tendency that employees at the same occupational position but with shorter employment experience (implying more recent cohorts) have more years of education than the workers with longer employment experience (earlier cohorts). For instance, 21 or more years ago, the average schooling years for manual workers was around 6 years (elementary school). However, over the last ten years or so, this has increased first to 8.4 and then to 9.6 years.

Table 9.4

Average Years of Education for Each Position
by Different Length of Employment Experience

Empl. Yrs	1-5	6-10	11-20	21-25	26-30	31-40	(N)
Top Mgt.	19.3*	-	19.0	18.3	17.7	17.9	(24)
Mid Mgt.	18.0	17.1	16.4	13.9	14.0	12.8	(74)
Admin	14.0	13.4	12.1	12.8	12.0*	12.0*	(64)
S/F	15.7	13.6	11.6	10.9	10.0	6.0*	(79)
W	9.6	8.4	8.0	6.6	6.0	-	(159)
ALL	13.7	12.7	12.1	11.8	11.4	11.5	
(N)	(29)	(98)	(215)	(34)	(16)	(8)	(400)

Notes: * the respondent for the corresponding category is only one person.

S/F = Supervisor/Foreman

W = Manual Worker

This suggests that more junior high school and even some high school leavers have accepted lower jobs as manual workers, the lowest position in the occupational hierarchy. Evidently, 51 out of 84 junior high school graduates and 24 out of 157 senior high school graduates in our sample, work as manual workers. (Table A.13). If an individual accepts a job for which he is "over-educated", the resources allocated to education are less than optimally utilized, hence the returns on education decreases. Those already in employment are to some extent protected from labour market

competition because Act no.12/1964⁽¹³⁾ has given them considerable job security. Following is a citation of the first three articles of the Act.

Article 1: the employer shall endeavour to prevent termination of employment.

Article 2: if after all endeavours termination of employment cannot be avoided, the employer shall deliberate his intention to dismiss with the employee's organization concerned or with the employee himself in case he is not a member of one of the employee's organization.

Article 3: if the deliberation as referred to in article 2 evidently failed to effect an agreement, the employer may only dismiss the employee after having obtained a permit from the Regional Committee for Labour Dispute Settlement (P4D) for individual dismissals, and from the Central Committee for Labour Dispute Settlement (P4P) for mass dismissals.

Considering that unemployment has become a pressing problem, it is to be expected that permits from either P4D or P4P are not easily granted except in cases of disciplinary code breaches or in cases where without dismissing some of their workers (rationalization) the company would collapse and in turn more workers would be unemployed.

The above evidence by and large supports our first hypothesis that: while the contribution of education to earnings tends to increase with experience up to a certain length of experience, it also represents a decreasing contribution of education to earnings for more recent cohorts of entrants to wage employment.

CONCLUSION

The pattern of age-earning profiles of our respondents, as presented in Figure 9.1, is basically similar to those obtained by Blaug and Psacharopoulos. All profiles increase by age, reach a peak somewhere around 40 to 45 years of age and then level off. Some even decline but are still higher than before they reach their peak point. This finding is consistent with human capital theory.

The results reported in Table 9.2 and Table 9.3 on the whole, support our first hypothesis that, while the contribution of education to earnings appears to increase with experience up to a certain length of time (21 to 25 years), it also represents a decreasing contribution of education to earnings for more recent cohorts of entrants to wage employment.

In the regression equations, the coefficients on education and employment experience (also age, as age is a proxy for experience) are positive, statistically significant and accompanied by an explanatory power of more than 50 per cent in each equation. This implies the strong relationship between compensation and education, age and experience. Considering that these three factors are generally accepted as proxies to productivity, we can conclude that the payment system appears to be an effective managerial instrument to control labour. Hence, our second hypothesis is confirmed.

NOTES AND REFERENCES

- (1) Schultz, T.W., Investment in Human Capital, London: Collier-MacMillan Ltd., 1971, Chapter 3.
- (2) Psacharopoulos, G., Return to Education, An International Comparison, Amsterdam: Elsevier Scientific Publishing Coy., 1973, Chapter 3.
- (3) Blaug, M., "Human Capital Theory: A Slightly Jaundiced View", Journal of Economic Literature, vol. 14, no.3, Sept. 1976, p.837
- (4) For some representative example, see Blaug, M., An Introduction to the Economics of Education, London: Allen Lane The Penguin Press, 1970, p.27
- (5) Leibenstein, H., "Shortages and Surpluses in Education in Under-developed Countries" in Anderson, C.A. and Bowman, M.J. (eds.), Education and Economic Development, Chicago: Aldine Publishing Co., 1966, p.56
- (6) Blaug, M. (1970), op. cit., p.31
- (7) In general, the structure of educational system in Indonesia consists of four levels with the following specification:
 1. Elementary/Primary School (6 years)
 2. Junior High School (3 years)
 3. Senior High School (3 years)
 - General
 - Business
 - Home economics
 - Vocational/Technical
 - Teacher education
 4. Higher education: (5+ years)
 - Bachelor degree (3 years)
 - University degree (2+ years)
- (8) Mincer, J., Schooling, Experience and Earnings, New York: National Bureau of Economics Research, 1974, Chapt.1
- (9) Psacharopoulos, G., op. cit., p.85
- (10) See: Knight, J.B. and Sabot, R.H., The Returns to Education: Increasing with Experience or Decreasing with Expansion?, Washington: The World Bank, March 1981
- (11) Far Eastern Economic Review, June 30, 1983 and December 8, 1983
- (12) Hallak, J. and Caillods, F., Education, Work and Employment, Paris: UNESCO, I.I.E.P., 1980, p.17 and pp.161-162
- (13) Jusuf, A. and Panoedjoe, R., Labour Legislation - Republic of Indonesia, Jakarta: Penerbit Erlangga, 1972, pp.57-58

CHAPTER 10

CHAPTER TEN

FOREIGN VERSUS DOMESTIC COMPANIES

As noted in Chapter 1, our company sample consists of 4 domestic and 4 foreign (joint venture) matched-pair companies. It is desirable to make an attempt, in this particular chapter, to assess the differences and similarities between their personnel policies. For this purpose, secondary data will be used in addition to the limited data obtained from our sample.

10.1 General

According to Foreign Capital Investment Law/1967, direct foreign investment in Indonesia has to be in the form of joint ventures with Indonesian partners. On January 23, 1974, the government decreed that all foreign investment set up after that date, must take the form of joint ventures with the pribumis (indigenous Indonesians). The proportion of Indonesian share should be increased gradually from a minimum of 20 per cent to a minimum of 51 per cent in 10 years time, starting from January 1975. This decree is in accordance with one of the national development objectives, i.e. to increase popular participation in development. In the context of foreign investment activities, increased participation could be defined as progress not only in majority equity ownership, but also as increased responsibilities of Indonesian nationals within the company. The drive for more Indonesian equity participation,

however, has not been without its problems. The scarcity of domestic capital has, so far, been the most crucial obstacle in the efforts of the domestic partner to obtain a majority shareholding.

Since the promulgation of the investment laws, up to 1982, total approved direct foreign investment amounted to U.S.\$11.87 billion, comprising 794 projects. Of which, East Java province shared U.S.\$506.6 million, comprising 70 projects. (Table A.41 and Table A.42). The amount of domestic investment for the same period is equivalent to U.S.\$11.5 billion in 3,797 projects, of which, East Java shared U.S.\$1.35 billion in 463 projects. (Table A.43 and Table A.44).

By country of origin, Japan is by far the largest investor both in number of projects and capital invested, followed by Hongkong, U.S.A. and the Netherlands. In total, these "Big Four" seized 57.7 per cent of the total direct foreign investment in Indonesia up to 1982 (Table A.35 and Table A.36). In East Java, the picture is rather different. In terms of the amount of capital invested, Hongkong was the largest, covering 22.3 per cent of total foreign investment in East Java. Japan stood in second place with a slightly lower amount (21.6%), followed by U.S.A. (8.6%). The Netherlands stood at number eight, with only 1.9 per cent of total foreign investment in East Java. With regard to number of projects, Japan recorded the highest (24.7%), followed by Hongkong (16%), U.S.A. (11.2%) and the Netherlands (9.9%). (Table A.46).

As can be observed in Table A.37, Table A.38 and Table A.49, the distribution of direct foreign investment in the industrial sector in East Java is similar to the national level. The largest share of direct foreign investment is in the manufacturing sector, of which textile industry stood the highest (32.7%), followed by food industry (17.4%), chemical (16%) and basic metal (10.4%). The comparison between domestic and foreign investment in each industrial sector, at national level, is presented in Table 10.1 below.

Table 10.1

Approved Domestic and Foreign Investment
by Industrial Sector (1967-1982)

Sector	Domestic ^a	Foreign ^a	% of Domestic to Foreign
Agriculture	1,049.5	222.2	472.3
Forestry & Fishery	1,245.2	670.4	185.7
Mining	565.8	1,688.1	33.5
Manufacturing	7,835.9	8,243.3	95.1
Construction	47.5	167.7	28.3
Hotels	213.4	245.3	87.0
Others	584.2	628.9	92.9
Total:	11,541.5	11,865.9	97.3

Source: calculated from Table A.37 and Table A.45

Note: ^a in million U.S. Dollars.

One remark could be made: only in the agriculture, forestry and fishery sectors did domestic surpass foreign investment. In all other sectors, domestic investment was lower. Particularly in construction and mining, the role of domestic investment in comparison with foreign investment is very small, i.e. only 28.3 and 33.5 per cent, respectively. This is due to the fact that these particular sectors require a large amount of long-term investment, aside from technical know-how.

By regional distribution, as presented in Table A.42, the greater part of direct foreign investment has been located in Java, particularly in West Java, Greater Jakarta and East Java (covers 47% of total direct foreign investment). The distribution of domestic investment in the regions shows a similar pattern to foreign investment (Table A.43 and Table A.44). This evidence indicates that the effort to curb the trend toward regional concentration of economic activities on Java island, and to establish a more balanced regional spread of economic activities to the regions outside of Java, has not yet been successful. In this case, we should take account of the fact that for most investors (foreign and domestic alike), availability of a suitable workforce, the necessary infra-structure, urban amenities and facilities for their staff, proximity to markets, to other entrepreneurs and government offices, are more important than special incentives, such as longer tax holidays and accelerated depreciation to companies investing outside of Java. The only exception to such a preference for location would be companies working in mining, logging or raw material processing.

10.2 Assesment of the Degree of Foreign Company Domination over Capital and Managerial Structures of Its Affiliate

Capital is undoubtedly one of the essential sources of power and control over the management of a company. When there are several owners or shareholders, the extent of power and control that anyone can exercise is frequently affected by the proportion of capital owned. As joint ventures in Indonesia must have the form of limited liability companies, in which voting control is exercised by the majority, the owner of 51 per cent or over of shares could therefore determine the management and control company policies. In financing joint ventures the Indonesian partner's greatest concern has been in the equity participation.

Okada, in his study on 116 Japanese and 55 U.S. multinational corporations' affiliates in Indonesia in 1978 found that on average, 70.4 per cent of the total invested capital was in the hands of foreign partners.⁽¹⁾ Siahaan also revealed that the four biggest foreign investing countries seized the majority of shares in their affiliates, i.e. on average 50 per cent and over are: Japan (91%), Hongkong (94%), U.S.A. (89%) and the Netherlands (96%).⁽²⁾ Our data also show that none of the domestic partners hold a majority of shares.

<u>Company</u>	<u>Partnership</u>	<u>Shareholding (%)</u>
T2	Hongkong - local	67:33
T4	British - local	50:50
C2	Japan - local	67:33
E2	Dutch - local	67:33

All indications are that most Indonesian partners lack adequate investment funds and therefore have to depend on foreign partners. This, we shall see more clearly in the following section.

10.3 Joint Venture Arrangements

Article 27 of the Foreign Capital Investment Law/1967 stipulates that direct foreign investment is "required to give opportunity for national capital to participate, following a specified period in proportion to be specified by the government." This means that foreign direct investment has to be in joint venture with domestic capital. Most approvals for foreign investment during the year 1967-1974 stipulated an initial domestic equity of 10 to 20 per cent and an increase from 25 to 40 per cent within 20 years. As earlier mentioned, starting from January 1975, the proportion of Indonesian share should be increased gradually from a minimum of 20 per cent to a minimum of 51 per cent in 10 years time. For the domestic partner, the most critical obstacle in the effort of obtaining a majority shareholding has been the scarcity of domestic capital. In response to this problem, three variations on the basic joint-venture theme, reflecting three different financing solutions to accommodate more domestic shareholding, can be found. First, and this is the official version, funds may be secured by selling shares to a wider audience through the Jakarta Stock Exchange market which was reopened in 1977. The fact that until November 1984, only 23 companies succeeded in going public, proved that the stock exchange is not of much help in solving the problem. Second, funding may be

secured through a loan from the foreign counterpart. The difficulty of finding a local pribumi partner who can afford to finance his share has led to the creation of "dummy shareholding" in which the foreign counterpart first lends money to enable the local partner to pay the required share in accordance with the government regulations. Of course this is often at the cost of rendering control of the joint venture into the hands of the foreign partner. In this case, the local counterpart may nominally own the majority shareholding but not have actual control over the business. Third, funding may be secured by lowering the total equity component of the total investment package. In other words, to create a very high debt-equity ratio. Through this practise, the joint-venture relies largely on a loan. In many cases, the loan capital is actually provided by the foreign partner's parent company. Through this process, the foreign parent company gains interest from the loan provided to its own overseas subsidiary. Weⁱnstein revealed that such a device has been widely employed by many Japanese MNCs in Southeast Asia.⁽³⁾ Even more appalling, the loans provided are often used for the acquisition of machinery, equipment and raw material or intermediate goods, technical personnel and management, again provided by the parent company itself. This kind of arrangement commonly known as a "package deal" is not necessarily advantageous to the joint venture, particularly when better or cheaper machinery, etc. can be obtained from somewhere else. The fact that a "package deal" arrangement might lead to a greater dependence on foreign investors, with all its attendant dangers, has been noted by several writers such as Weⁿiⁿstein⁽⁴⁾ and

Panglaykim.⁽⁵⁾ Taking all factors into account, even if the Indonesian partner managed to own a majority of shares, control may still be in the hands of the foreign partner. Moreover, it also indicates a false impression of increased Indonesian control in joint ventures, while the opposite might be the case. This impression might further hamper the real efforts to make foreign companies operate more in accord with Indonesia's national interests.

The government advocacy of joint-venture arrangements, does not necessarily imply a net loss to foreign investors. A joint venture confers definite advantages over a wholly owned subsidiary, particularly in information gathering about local conditions, culture, market, etc. This is especially so at the investment planning stage and the early stage of business operation. Further benefits include guidance on adaptation to the Indonesian management style, on overcoming bureaucratic hurdles, and assistance in finding suitable Indonesian middle managers. In addition, given an environment of growing nationalist sentiments, a joint venture affords the foreign partners two avenues for the reduction of risks. First, through risk sharing with the local partner, and secondly, by capitalizing on the local partner's efforts to gain local acceptance for the joint venture. In turn, these factors are however, balanced by the disadvantages of a joint venture, namely dilution of management control and the possible conflict of interests particularly regarding inter-subsidiary transfers and dividend policy. In the practice of "dummy shareholding", laying the blame fully on the foreign investors, is not fair. The

prevalence of the practice is partly due to the "hastiness" of the government's policies regarding increased equity ownership.

Now we turn to see the extent of foreign control over the management of affiliates. Top management in Indonesian firms, normally consists of President Director, several Vice President Directors and some other Directors. They are the centre and brain of the management who make important policy decisions. The more Indonesian employees hold the top management position, the larger proportion of control over the management is supposed to be secured. In his study, Okada found that in 116 Japanese and 55 U.S. subsidiaries in Indonesia, more foreign expatriates held top management positions than Indonesian personnel. On the other hand, in middle-management, there were more Indonesian employees than foreign expatriates.⁽⁶⁾

<u>Position</u>	<u>Foreign</u>	<u>Indonesian</u>	<u>Ratio For./Ind.</u>
Top-management	82.0%	18.0%	4.6
Mid-management	27.9%	72.1%	0.4

In top-management, the ratio is one Indonesian to 4.6 foreign expatriates, whereas in middle-management the ratio is 2.5 Indonesians to one foreign expatriate. Siahaan also found a similar pattern in exclusively Japanese affiliates.⁽⁷⁾

<u>Position</u>	<u>Foreign</u>	<u>Indonesian</u>	<u>Ration For./Ind.</u>
Top-management	67.1%	32.9%	2.04
Mid-management	38.5%	61.5%	0.62

Our study shows the same feature with relatively higher percentage of Indonesians in middle-management.

<u>Position</u>	<u>Foreign</u>	<u>Indonesian</u>	<u>Ratio For./Ind.</u>
Top-management	77.0%	23.0%	3.34
Mid-management	18.2%	81.8%	0.21

Despite the relatively small differences, the above figures from three sources show a similar pattern. Foreign expatriates appear to dominate top-management level where all important decisions are made, whereas more Indonesians hold the operationally less significant positions. To sum up, the incidence of "dummy shareholding" and the domination of foreign investors in the management of joint ventures point to a basic shortcoming which is the absolute and relative weakness of the local partners, vis-a-vis their foreign counterpart. Whilst at the national level, Indonesia has a certain degree of leverage, at the micro-level of the individual company the Indonesians are vastly "inferior" to their foreign counterparts, with regard to capital, technical and managerial expertise.

10.4 Assessment of the Degree of Foreign Investment's Contribution to Indonesia's Employment Problem

One of the most crucial problems facing Indonesia at present is that of creating adequate and remunerative employment opportunities for the steadily growing labour force, which, according to the 1980 Census, numbered 51 million with an estimated

annual growth rate of 2 to 3 per cent. With this growth, it will bring 1 to 1.5 million new labour entrants each year. In this section, we shall look into the extent to which direct foreign investment in general has mitigated the unemployment problem in Indonesia. Data from the Capital Investment Coordinating Board (BKPM) shows that the amount of labour absorbed by direct foreign investment projects from 1967 to March 1980 amounted to 432,211, of which 419,498 persons were Indonesian nationals and 12,713 persons foreign nationals. (Table A.50). The figures prove that, in terms of the amount of labour absorbed by foreign investment, although not negligible, the contribution towards solving Indonesia's employment problem is not significant. According to ILO's survey, it was estimated that in 1980, approximately 4 million persons were directly employed by MNCs in developing countries, or some 0.5 per cent of the total labour force in the developing countries.⁽⁸⁾ The corresponding percentage for Indonesia is 0.8 per cent, thus 60 per cent higher than ILO's number. The domestic investment projects from 1968 to March 1980 were able to absorb 1,492,453 persons, or 2.9 per cent of the total labour force. Although direct foreign investment surpassed domestic investment in terms of the capital invested, they apparently absorbed much less labour than domestic investment. At national level, up to March 1980, the total investment, labour absorbed and capital-labour ratio can be summarized as follows:

<u>Status</u>	<u>Investment (in million \$)</u>	<u>Labour absorbed</u>	<u>Capital-labour ratio (in dollar unit)</u>
Foreign	8,202.2	432,211	18,977:1
Domestic	6,548.1	1,492,543	4,387:1

Note: See Table A.50

The figures show that in terms of the capital-labour ratio, foreign investment was 4.3 times higher than domestic investment. Following is the picture in East Java.

<u>Status</u>	<u>Investment (in thousand \$)</u>	<u>Labour absorbed</u>	<u>Capital-labour ratio (in dollar unit)</u>
Foreign	388.6	48,783	7,967:1
Domestic	715.5	233,130	3,069:1

Note: See Table A.49 and Table A.51

The significant difference between the capital-labour ratio of direct foreign investment in East Java and that at national level is largely due to there being no investment in mining industries in East Java. Data from our survey shows a similar pattern with that of the East Java regional level.

<u>Joint Venture</u>	<u>Investment (in thousand \$)</u>	<u>Labour absorbed</u>	<u>Capital-labour ratio (in dollar unit)</u>
T2	6,185.6	1,371	4,512:1
T4	5,412.3	1,119	4,837:1
C2	6,453.6	756	8,537:1
<u>E2</u>	<u>4,449.5</u>	<u>555</u>	<u>8,017:1</u>
Total:	22,501.0	3,801	5,920:1

<u>Domestic</u>	<u>Investment (in thousand \$)</u>	<u>Labour absorbed</u>	<u>Capital-labour ratio (in dollar unit)</u>
T1	2,886.6	987	2,925:1
T3	3,711.3	927	4,004:1
C1	2,577.3	974	2,646:1
<u>E1</u>	<u>5,670.1</u>	<u>1,702</u>	<u>3,294:1</u>
Total:	14,845.3	4,590	3,234:1

Note: the rupiah value of capital investment is converted into U.S.\$ value to simplify comparison.

The evidence from our study indicates that foreign companies are more capital intensive than domestic companies at 0.05 level of statistical significance. Absurdly, as the government puts high priority on the creation of new employment opportunities, exemption or reduction of import duties on capital equipment to "attract" foreign investment, might encourage the use of capital intensive and labour saving techniques.

Adverse effect of foreign investment on the Indonesian employment problem would be the "negative employment multiplier effect". This is the displacement of workers in traditional industries which have folded up as a result of severe competition from more modern industries set up by foreign investors. According to information provided by the Ministry of Industry, between November 1968 and March 1973, about 18,000 new jobs were created in the spinning industry. On the other hand, almost 391,000 people became unemployed as the traditional textile companies ceased operation because of their failure in facing the challenge of the foreign

companies.⁽⁹⁾ In Bandung (West Java), where the concentration of small textile producers has been highest, as many as 80 small textile companies were reported to have closed down in 1982-1983 and some 10,000 workers were laid off. The situation has deteriorated to the extent that some of those still operating have shifted a major part of their activities to job-orders from bigger textile companies, rather than producing and selling their own products.⁽¹⁰⁾ Another case in point has been the equally rapid decline of the traditional beverage industry because of the rise of modern competitors, such as Coca-Cola and Seven Up.⁽¹¹⁾ Foreign investment is basically aimed at stimulating the domestic economy in those areas of business where domestic investors are restricted by lack of capital or expertise. However, Palmer argues that, from the start, domestic enterprises found themselves competing against foreign capital to regain even the home markets. He illustrates this premise with an account of the textile industry.⁽¹²⁾ These examples of the impact of foreign investment lead us to the conclusion that foreign investment, in general, is unlikely to be a significant help in solving Indonesia's employment problem.

10.5 Comparison between Foreign and Domestic Companies on Hiring Policy

As far as hiring policy is concerned, our findings in Chapter 6 point out that recommendation/sponsorship from the present employees in the company predominates over the other kind of recruitment channels (63.8%). Upon further examination, by breaking down the distribution of recruitment channels for managerial and

non-managerial positions in each company (Table A.21), we find that domestic companies tend to use a higher degree of recommendation/sponsorship as a recruitment channel than joint ventures, either in the case of managerial position (at 0.001 level of significance) or non-managerial level (at 0.05 level of significance). The evidence seems to indicate that domestic companies are more traditional than joint ventures.

With regard to advertising, joint ventures tend to use more advertisement as a recruitment channel for managerial positions than domestic companies (at 10% level of significance). An attempt to confirm this result for non-managerial positions proved to be statistically insignificant. This is to be expected, since mass-media are not popular among the low-income earners.

10.6 Comparison between Foreign and Domestic Companies on Training Programs

One of the major benefits connected with foreign investment in developing countries is the non-monetary transfer of resources other than financial and physical capital, which are equally in short supply. Those resources include technological knowledge, organizational experience, innovative capability in products and production techniques and managerial and supervisory personnel, that could be attained through training and experience.⁽¹³⁾ In particular, foreign investment can play an important part in providing training opportunities to their local employees either through on-the-job training, training/courses outside the company or

specialized training abroad with the parent company. The new skills obtained by these employees can then be transmitted to other fellow-employees, thereby furthering technology transfer. The advantages gained from training are reaped jointly by the employees and the company concerned.

As far as training is concerned, our respondents working with the joint venture companies, regardless of their position, tend to have more training opportunities than those who work with domestic companies. This can be observed by comparing the average length of training for each category of employee in the joint ventures with that in the domestic companies. (Table A.20b). In total average, the ratio is 11.8 weeks to 9.5 weeks training, in favour of employees in the joint ventures. Table A.20b also shows that in both types of company, employees in managerial levels have more opportunity for longer training. This is similar to Siahaan's finding which indicates that Japanese companies operating in Indonesia have made "a significant contribution to training programs." (14) Taking all the evidence into consideration, so far as training is concerned, foreign companies have made a larger contribution than the domestic companies.

10.7 Comparison between Foreign and Domestic Companies on Remuneration Policy

It is widely believed that, in many developing countries, foreign companies pay comparatively higher wages than local companies. A number of reasons for this have been suggested: (15)

- (1) Foreign companies possess some competitive advantages and larger profit margins due to product differentiation, greater efficiency in operation or economies of scale at the enterprise level;
- (2) Foreign companies pay their expatriate personnel at least as much as they would earn in their home country, if not more. There is almost always a large difference between their earnings and those of domestically recruited employees. This kind of disparity can be a source of considerable discontent. To reduce the problem, foreign companies may find it desirable to follow a high wage policy, at least for those categories of employee immediately associated with expatriate personnel;
- (3) A high wage policy may be pursued to neutralize potentially hostile public opinion and encourage more favourable attitudes towards foreign investment;
- (4) By following a high wage policy, foreign companies may be able to attract and retain what they view as a suitable workforce, appropriate to a relatively capital intensive production process.

While the above general explanation does tend to suggest that foreign companies pay above what they view as prevailing rates, it does not pinpoint the position of foreign companies in the local wage structure. Some companies may focus on the wage rate of other foreign companies or the best local employers, whereas other foreign companies may have in mind a broad-based average of what domestic companies pay. A survey undertaken by the Department of Manpower in

1972 disclosed that even though in most cases the foreign-owned companies pay higher wages, and by some considerable margin, this was not the case everywhere. In electrical machinery industries and for some production classifications in food and transportation equipment, the national employers were ahead.⁽¹⁶⁾ (Table 10.2). In our study, we find that amongst chemical and electronic companies, foreign companies pay higher average wages than their matched-pair domestic companies. In textile companies, one of the joint ventures pay the lowest average wage of all the companies in our study. The joint venture T4 pays lower wages than the domestic companies C1 and E1.

<u>Joint Venture</u>	<u>Average Monthly Wage</u>	<u>Domestic</u>	<u>Average Monthly Wage</u>
T2 (textile)	Rp. 68,000	T1 (textile)	Rp. 93,000
T4 (textile)	Rp. 105,000	T3 (textile)	Rp. 97,000
C2 (chemical)	Rp. 200,000	C1 (chemical)	Rp. 136,000
E2 (electronic)	Rp. 203,000	E1 (electronic)	Rp. 149,000

Using these figures to test the hypothesis that the joint venture companies paid higher average wages proved to be statistically insignificant. Hence, our finding supports the survey conducted by the Department of Manpower, as noted earlier, in that foreign companies are not always in a position of paying at higher wage rates than domestic companies.

Table 10.2Percent Difference in Wages and Salaries ofForeign over National Firms in Jakarta, 1972

Type of employee	Food Products	Beve- rages	Chem- icals	Metal Products	Electrical Machinery	Transport Equipment
Cashier	132	155	2.1	116.0	-36	22
Bookkeeper	241	247	70.4	221.0	-44	17
Clerk	164	223	37.0	36.4	-55	-
Typist	136	161	94.0	155.0	-35	124
Skilled Worker	-17	159	35.0	2.9	-26	-60
Semi-Skilled	-58	207	231.0	-	-	-17
Unskilled	31	125	68.0	164.0	-15	-16

Source: Dept. of Manpower, "Wages and Salaries Survey", Jakarta, 1973, as quoted in Asian Regional Team for Employment Promotion (ILO), Manpower and Related Problems in Indonesia, A Report on a Mission to Indonesia, April - May 1972, Bangkok: June 1972, p.47.

Earnings function analysis results in the following table.

Table 10.3

Regression Coefficients in Earnings Function
(Joint Venture and Domestic Companies)

Variable	Coefficients	
	Joint venture	Domestic
E	0.1493**	0.1752**
M	0.0260**	0.0296**
S	0.0355**	0.0186*
T	0.0017*	0.0005 ⁺
\bar{R}^2	0.6933	0.6449
F	113.46	91.344

Notes: ** significant at 0.001 level
 * significant at 0.1 level
 + insignificant
 Equation: $W = f(E, M, S, T)$
 E = total years of education
 M = total years of employment
 S = length of service at present company
 T = length of training
 W = total earnings

Table 10.3 discloses that while on the whole, educational attainment contributes the highest value to earnings, domestic companies tend to give higher value to education (E), implying that domestic companies tend to be more credentialistic than joint ventures. Table 10.3 also shows that more than 60 per cent of the variation in earnings is explained by all independent variables. With regard to total years of employment (M) and length of service at the present

company (S), domestic companies appear to give higher value to M, whereas joint ventures to S. In joint ventures, the regression coefficient for training (T) is statistically significant at 10 per cent level but in domestic companies it is insignificant. This indicates that joint ventures are more internally oriented, that is, give more training opportunities and give higher pay to employees with longer service, in order to retain them in the company. On the other hand, domestic companies appear to be more socially oriented, that is, give higher value to general industrial experience.

Finally, we shall see the wage differentials between foreign expatriates and local employees. Three companies in our survey released details of salaries for foreign personnel. Comparison between the highest salary of the Indonesian personnel and that of the foreign personnel shows the following disparities.

<u>Company</u>	<u>Highest salary^a for Indonesian</u>	<u>Highest salary^a for expatriate</u>	<u>Ratio</u>
T2	Rp.200,000	Rp.1,500,000	1:7.5
C2	Rp.680,000	Rp.2,300,000	1:3.4
E1	Rp.800,000	Rp.4,000,000	1:5.0

Note: ^a monthly salary

When asked whether there have been problems (feelings of discontent) over wage differentials, 66 out of 200 respondents (33%) who work with the joint ventures in our sample replied "Yes". Breaking the number down, 45 out of 66 persons (68%) of those who answered "Yes" are employees holding managerial positions. This is understandable because they are the people who immediately associate with expatriate personnel and are most likely to benefit from any equalization.

CONCLUSION

It is disclosed that direct foreign investment surpassed the domestic investment within the same period. Comparison in the industrial sector shows that, except in agriculture, forestry and fishery, direct foreign investment is higher than domestic investment. This indicates that direct foreign investment tends to dominate a significant proportion of capital investment in Indonesia.

With regard to the degree of foreign companies' shareholding and control over the management of their affiliates, the indications are that:

- (1) in financing the joint venture, the Indonesian partner's uppermost concern has been in mobilizing funds;
- (2) our study indicates that in three out of four joint ventures, the foreign partners have the majority of shares in 67 to 33 ratio, in the other company, the ratio is 50:50;
- (3) Siahaan also found that the "Big Four" investing countries seized the majority of shares in their affiliates;
- (4) in order to comply with the government regulation while domestic capital is scarce, a practice of nominal shareholding has emerged. In this practice, the foreign partner first lends money to the Indonesian counterpart. The local counterpart may nominally own the majority shareholding, but actual control over the business remains in the hands of foreign partners;

- (5) the practice of "package-deals", which resulted from the loan arrangement, also suggests the powerless position of the Indonesian partners;
- (6) Okada's study revealed that more foreign personnel held the top management positions in 116 Japanese and 55 U.S. joint ventures with a ratio of one Indonesian to 4.6 foreign expatriates;
- (7) Siahaan found a similar picture in Japanese affiliates with a ratio of one Indonesian to 2.04 Japanese;
- (8) our survey reveals a ratio of one Indonesian to 3.34 foreign nationals in top management level.

Weighing up all the above evidence, we may conclude that foreign companies tend to dominate the capital and managerial structure of their affiliates.

From the point of view of the need for easing the unemployment problem, the indications are:

- (1) from Census 1980, it was found that the labour force in Indonesia numbered 51 million with an estimated growth rate of 2 to 3 per cent per year;
- (2) during 1967 to 1980, direct foreign investment had absorbed 432,211 persons, of which 419,498 are Indonesians;
- (3) during 1968 to 1980, domestic investment had absorbed 1,492,453 persons;
- (4) national figures, East Java figures as well as figures from our study, all indicate that foreign companies are more capital intensive than domestic companies;

- (5) exemption or reduction of import duties on capital equipment for the operation of foreign companies seems to have encouraged the use of capital intensive and labour saving techniques;
- (6) some evidence was found of labour displacement effects of foreign investments.

These facts indicate that direct foreign investment makes hardly any significant contribution toward solving the unemployment problem.

Critical to human resources development in Indonesia is an effort to increase the technological knowledge of the workers. This is particularly expected of Indonesian workers in foreign companies. Such knowledge can be obtained through training and experience. In this particular case, our findings disclose that employees in the joint ventures tend to have longer average training time than their counterparts in the domestic companies.

With regard to remuneration policy, it has been widely believed that foreign companies pay comparatively higher wages than domestic companies. However, a survey conducted by the Department of Manpower disclosed that in the electrical machinery industry and in some food and transport equipment industries, local companies paid higher wages to their employees. Our study also reveals a similar feature. An attempt to test the hypothesis that joint ventures pay higher wages than domestic companies, proved to be statistically insignificant. Still in connection with remuneration, earnings

function analysis discloses that while on the whole, education contributes the highest value to earnings, domestic companies tend to give higher value to education, implying that domestic companies are more credentialistic than joint ventures. Also, domestic companies appear to value total years of employment more highly than length of service at the present company, but give less value to training. In these matters joint ventures appear to adopt the opposite policy. This implies that domestic companies tend to be more socially oriented, while joint ventures tend to be more internally oriented. In so far as personnel policies are concerned, the differences between domestic and foreign companies appear to be in degree rather than in principle. Foreign companies appear to be moderately receptive to the Indonesian situation and tend to follow a pattern of broad-based average of policies carried out by domestic companies.

NOTES AND REFERENCES

- (1) Okada, Y., "The Dilemma of Indonesian Dependency on Foreign Direct Investment", Development and Change, London: SAGE, vol.14, 1983, pp.120-121
- (2) Siahaan, L., et al., Japanese Direct Investment in Indonesia, Tokyo: Institute of Developing Economies, 1978, pp.46-47
- (3) Weinstein, F.B., "Multinational Corporation and the Third World: The Case of Japan and Southeast Asia", International Organization, vol.30, no.3, Summer 1976, p.390
- (4) Ibid.
- (5) Panglaykim, J., Indonesia's Economic and Business Relations with Asean and Japan, Jakarta: CSIS, 1977, pp.164-65
- (6) Okada, Y., op. cit., pp.122-23
- (7) Siahaan, L., et al., op. cit., Table 4.8, p.84
- (8) I.L.O., Employment Effects of MNEs in Developing Countries, Geneva: I.L.O. Office, 1981, p.21
- (9) Weinstein, F.B., op. cit., p.400
- (10) Far Eastern Economic Review, August 18, 1983
- (11) Siahaan, L., et al., op. cit., p.63
- (12) Palmer, I., The Indonesian Economy since 1965: A Case Study of Political Economy, London: Frank Cass, 1978, pp.17-18
- (13) Meier, G.M., The International Economics of Development Theory and Policy, New York: Harper & Row, 1968, p.141
- (14) Siahaan, L., et al., op. cit., p.134
- (15) I.L.O., Wage and Working Condition in Multinational Enterprises, Geneva: I.L.O. Office, 1978, pp.3-4
- (16) Asian Regional Team for Employment Promotion (ILO), Manpower and Related Problems in Indonesia. A Report on a Mission to Indonesia, April - May, 1972, Bangkok: June 1972, p.47

CHAPTER 11

CHAPTER ELEVENSUMMARY AND CONCLUSIONS

In the first chapter, it was stated that the objective of this study is to investigate some policies and practices on human resources development in general, and labour control, in particular. It is now time to outline the major findings of the previous chapters, together with the conclusions which can be drawn, with some of the side-line discussions omitted. The last few lines of this chapter will present some policy implications of this study.

First of all, evidence from this study indicates that, in general, the nature of the Indonesian management style is paternalistic. Different from that of Japan and 19th century British rural factories, management paternalism in Indonesia does not appear to be a response to the introduction of large-scale production methods. Rather, it reflects a transition from the old feudal culture to the "modern" business setting in which, to some extent, the characteristics of the old culture remain present. Another remarkable feature is that, in the companies owned by Indonesian Chinese, patrimonial management is common. In paternalistic and patrimonial management, nepotism appears to be present. Inevitably, the human resources development policies carried out by the Indonesian employers are tinged with such cultural traits.

In the case of recruitment policy, it is evident that recommendation/sponsorship from the existing employees covers 63.8 per cent and it emerges that 60 per cent of the sponsors are friends/relatives in the company. This suggests the presence of nepotism in recruitment policy and, the nature of entry to employment is largely informal.

With respect to selection criteria, it appears from our findings that except in the case of unskilled workers, educational attainment (school certificate) has played a dominant factor. This seems to be a reflection of educational credentialism which has been widespread in Indonesia since independence. Besides, ascriptive elements such as police records, compliance and perseverance are important factors in the selection criteria for unskilled workers, implying effort to find more tractable workers. This is evidence of managerial strategy to use selection as a tool to effectively control the labour force.

With regard to training, the evaluation is found to be inadequate as it is based mostly on feed-back from the trainees, i.e. reaction refers to what trainees thought of the training programs, measured by questionnaire or interview. Only three (all joint ventures) out of eight companies in our study claimed to have applied written and/or performance tests after training, and not one reported having applied the scientific method of training evaluation. So far as training is concerned, foreign companies tend to give more training opportunities to their employees than domestic companies.

An assessment has also been made of the impact of training on labour absenteeism. Correlation analysis reveals that length of training moderately correlates with rate of labour absenteeism ($r = -0.598$). On the other hand, an assessment of the impact of training on labour turnover proved that the two variables are not correlated ($r = -0.033$). Hypothesis testing to confirm that companies which give more training to their employees have lower rates of labour turnover also proved to be statistically insignificant. Therefore, training as a managerial device to control labour appears to be only partly effective. To assess the workers' orientation to work and perception of management's policies, an attempt has been made to analyze labour absenteeism and labour turnover in relation to employee's job satisfaction. Our analysis discloses that there is a moderate inverse correlation between satisfaction and absenteeism, implying that companies in which more employees express satisfaction tend to have a moderately lower rate of absenteeism. The same result emerges in the relationship between job satisfaction and labour turnover.

With regard to remuneration, some insights obtained from our findings indicate that,

(1) in general, the wages are low; this has been proved by our analysis that 78 per cent of the employees in K_0 to K_3 categories (K_0 = unmarried workers; $K_{1,2,3}$ = married workers with one, two and three children, respectively) are paid below the Minimum Physical Needs drawn up by the Directorate General of Manpower Protection and Care.

(2) there is a strong inverse relationship between wages and labour absenteeism and a moderate inverse relationship between wages and labour turnover.

(3) there is a strong relationship between wages and workers' satisfaction.

(4) some 30 per cent of the employees reported having a second job mainly because their wages are insufficient to satisfy their needs.

In addition, the perception of employees of the relative importance of their needs, as listed in Table A.26, shows that, in general, employees gave high priority to wages, job security and fringe-benefits, all of which are factors belonging to lower ranks of Maslow's need-hierarchy. All of these facts lead us to the important conclusion that financial reward (and non wage-benefits) remain the most basic resources for satisfying the needs of the employees. The result of earnings function analysis discloses that educational attainment, age and length of service appear to have significant contribution to earnings. It is also revealed that, while the contribution of education to earnings tends to increase with experience up to a certain length of service, this also represents a decreasing contribution of education to earnings for the more recent cohorts of entrants to wage employment. This can be explained by the fact that more school leavers are forced to accept a lower job than predecessors having the same educational qualification since the number of school leavers increased faster than the demand for labour in the occupation which earlier cohorts largely entered. Still in the domain of remuneration policy, although it has been widely believed that foreign companies have

paid higher wages than domestic companies, our attempt to confirm this from our sample, proved to be statistically insignificant. Earnings function analysis discloses that, while on the whole educational attainment contributes in the highest degree to earnings, domestic companies tend to give higher value to education than joint ventures, implying that domestic companies tend to be more credentialistic. With regard to total years of employment and length of service at the present company, domestic companies appear to give higher value to the former factor, whereas joint ventures prefer the latter. In joint ventures, the regression coefficient for training is significant at 10 per cent level, but in domestic companies the coefficient is insignificant. These results indicate that joint ventures appear to be more internally oriented, that is, give more training to their employees and give higher pay to employees with longer service, in order to retain them in the company. On the other hand, domestic companies appear to give higher value to general industrial experience rather than experience gained from within the company. Hence, they are more socially oriented.

Policy Implications

From the findings and conclusions mentioned earlier, this study may claim a modest contribution to revealing some features of Indonesian human resources development policies and practices. Some of the important findings have implications for human resources development policies in Indonesia.

As previously mentioned, the nature of Indonesian society is paternalistic, carried over from the old feudal culture. Consequently, the Indonesian management style reflects a transition from the old feudal culture to the "modern" business setting. The policy implication appearing from this is that while consideration about adaptation to modern industrial environment is necessary, it is also necessary to ensure that the traditional elements are not neglected. It should be taken into account that the majority of workers were recruited from villages and rural areas and were basically accustomed to the pre-industrial ways and values of paternalistic family life, in which the spirit of "familyism" and mutual assistance remains strong. Any policy that is manifestly the antithesis of the principal socio-cultural norms may not motivate workers. Rather, it may kill the "will" of the workers to transform their power into productive labour. Hence, the policy would not be an effective managerial device to control labour. A progressive elimination of nepotism, for instance, may be considered a serious problem in management policy, which is very likely to be detrimental to the company concerned.

It was also revealed that among the job factors, "work-mate's congeniality" was rated highly by employees. The policy implication of this is the need for fostering such congeniality by organizing more recreational programs such as sports and social events. This would promote informal contact between fellow-workers and between subordinates and superiors, in an atmosphere not directly affected by the chain of command. This would improve workers' morale and

encourage loyalty, and in turn, would strengthen managerial control over workers.

With regard to hiring policy in which nepotism is present, this appears to be an effective managerial device to control labour. This may however, have the effect of creating a "social exclusivity", limiting potential "outsiders" from entering the company.

With respect to remuneration policy, the findings discussed in the previous section of this chapter lead to the important conclusion that financial reward remains the most basic resource for satisfying the employees' needs. Financial reward could, therefore, be used as a device to control labour. The policy implication emerging from this conclusion is the need to transform this potential device into a potent managerial tool for controlling labour. We shall see whether Indonesian employers have managed to do this, by examining the result of earnings function analysis. The result indicates that the payment system is related to length of service, age and education. As these three factors are reasonably accepted as proxies for productivity⁽¹⁾, they therefore, deserve to have a significant role in their contribution to earnings. The main justifying principle of service-linked premium, aside from productivity consideration, is that years of loyal service deserve recognition. This principle is important in traditional paternalistic management. Age is related to length of service. The justification of age-linked benefit is three-fold. First,

experience grows with age and therefore makes an employee's work more valuable (a market principle). Second, family responsibilities tend to increase with age (a paternalistic welfare principle), and third, the prospect of a regular career progression increases satisfaction and hence commitment to the job (a human investment principle). The justification that education is valued highly in remuneration policy is that educational attainment is a proxy for productivity. The better educated workers are generally more motivated and benefit more from work experience and training. Educational credentialism, which is a common practice in Indonesia, undoubtedly supports this justification. Weighing up all these points, it is safe to say that, in so far as remuneration policy is concerned, Indonesian employers have so far taken both economic and paternalistic principles into account. In consequence, the payment system appears to be a strong managerial tool to control labour.

In all, there are variations of human resources development policies and practices among the companies in our study. The differences, however, tend to be in degree rather than in principle. Foreign companies appear to be reasonably receptive to the Indonesian environment in that most of their policies tend to follow the pattern of broad-based policies exercised by domestic companies. Bearing in mind that our sample is small, the general validity of this particular indication should be investigated by a more comprehensive research.

In general, the policies and practices are compatible with the Indonesian situation and found to be reasonably effective to control labour, except, perhaps, policy on training evaluation, which needs to be more oriented towards productivity.

Finally, an effort should be made by Indonesian employers to continually improve the quality of human resources management and upgrade the quality of Indonesian human resources, to cope with the demands of modernization, without neglecting the prevailing cultural factors.

As this chapter comes to an end, it is desirable to close it with Harbison's view that,

"..... the wealth and the prosperity of nations depend upon the development and effective utilization of human resources.

..... a country which is unable to develop skills and knowledge of its people and to employ them effectively will be unable to develop anything."(2)

NOTES AND REFERENCES

- (1) See: Blaug (1970), Kiker (1971) and Schultz (1971). In Indonesia the practical problem of finding an acceptable proxy for productivity has been felt more pressing as most companies have not yet developed adequate means to measure productivity.
- (2) Harbison, F.H., Human Resources as the Wealth of Nations, New York: Oxford University Press, 1973, p.3

APPENDIX A

Table A.1a
Gross Domestic Product, 1969 - 1982
At Current Market Prices
(in billion rupiahs)

Sector	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981 ¹⁾	1982 ²⁾
1. Agriculture, forestry and fishery	1,339.0	1,575.0	1,646.0	1,837.0	2,710.0	3,497.0	4,003.4	4,812.0	5,905.7	6,706.0	8,995.7	11,290.3	13,642.5	15,668.3
a. Farm food crops	823.0	962.0	961.0	1,071.0	1,573.0	2,096.0	2,554.8	3,043.9	3,659.9	3,991.4	4,892.0	6,357.6	8,101.8	9,961.0
b. Others	516.0	613.0	685.0	766.0	1,137.0	1,401.0	1,448.6	1,768.1	2,245.8	2,714.6	4,103.7	4,932.7	5,540.7	5,707.3
2. Mining and quarrying	129.0	173.0	294.0	491.0	831.0	2,374.0	2,484.8	2,930.0	3,599.7	4,357.6	6,979.8	11,672.5	12,970.6	11,707.8
3. Manufacturing	251.0	293.0	307.0	448.0	650.0	890.0	1,123.7	1,453.3	1,816.9	2,420.4	3,310.6	5,287.9	5,821.7	7,680.7
4. Electricity, gas and water supply	13.0	15.0	18.0	20.0	30.4	52.0	69.8	98.1	105.6	118.3	148.8	225.1	288.2	380.3
5. Construction	75.0	100.0	128.0	174.0	262.0	406.0	589.6	812.6	1,023.3	1,242.1	1,789.7	2,523.8	3,117.8	3,507.2
6. Transport and communication	77.0	96.0	162.0	182.0	257.0	442.0	521.2	662.6	842.9	1,031.6	1,421.5	1,965.3	2,353.2	2,795.2
7. Trade, financial intermediaries and other Services	834.0	986.0	1,117.0	1,412.0	2,013.0	3,047.0	3,850.0	4,698.1	5,738.9	6,870.0	9,379.3	12,480.8	15,833.0	17,893.1
	2,718.0	3,238.0	3,672.0	4,364.0	6,733.4	10,708.0	12,642.5	15,466.7	19,033.0	22,746.0	32,025.4	45,445.7	54,027.0	59,632.6

Source: Department of Finance, Financial Report and State Budget 1984/1985.

Note: 1) Corrected figures

2) Provisional figures.

Table A.1b
Gross Domestic Product, 1969 - 1982
At Constant 1973 Market Prices
(in billion rupiahs)

Sector	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981 ¹⁾	1982 ²⁾
1. Agriculture, forestry and fishery	2,253.0	2,356.0	2,441.0	2,479.0	2,710.0	2,811.0	2,811.2	2,943.7	2,981.3	3,134.8	3,255.6	3,424.9	3,593.5	3,669.8
a. Farm food crops	1,373.0	1,402.0	1,436.0	1,415.0	1,573.0	1,681.0	1,696.1	1,755.5	1,734.2	1,835.8	1,908.8	2,073.4	2,261.2	2,294.4
b. Others	890.0	954.0	1,005.0	1,064.0	1,137.0	1,130.0	1,115.1	1,188.2	1,247.1	1,299.0	1,346.8	1,351.5	1,332.3	1,375.4
2. Mining and quarrying	452.0	522.0	551.0	674.0	831.0	859.0	828.1	952.3	1,070.0	1,048.8	1,046.9	1,034.6	1,069.1	939.8
3. Manufacturing	399.0	435.0	490.0	564.0	650.0	755.0	847.9	930.0	1,057.7	1,235.6	1,395.3	1,704.6	1,877.8	1,900.7
4. Electricity, gas and water supply	19.6	22.5	24.7	26.2	30.4	37.0	41.2	46.3	49.0	56.9	68.6	77.9	89.9	103.5
5. Construction	114.0	143.0	171.0	222.0	262.0	320.0	364.8	384.5	463.8	528.9	562.8	639.3	720.2	757.8
6. Transport and communication	158.0	165.0	210.0	229.0	257.0	288.0	302.7	342.6	438.7	514.2	559.8	609.4	676.9	716.6
7. Trade, financial and other Services	1,414.9	1,538.5	1,657.0	1,873.0	2,013.0	2,199.0	2,434.9	2,556.9	2,821.5	3,047.3	3,275.9	3,678.5	4,027.2	4,235.2
	4,820.5	5,182.0	5,544.7	6,067.2	6,753.4	7,269.0	7,630.8	8,156.3	8,882.0	9,566.5	10,164.9	11,169.2	12,054.6	12,325.4

Source: Department of Finance, Financial Report and State Budget 1984/1985.

Note: 1) Corrected figures.

2) Provisional figures.

Table A.2
Percentage Distribution of Gross Domestic Product
by Industrial Sector
 (1969 - 1982)

Sector	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981 ¹⁾	1982 ²⁾
At current market prices														
1. Agriculture, forestry and fishery	49,3	48,6	44,8	40,3	40,1	32,7	31,7	31,1	31,0	29,5	28,1	24,8	25,3	26,3
2. Mining and quarrying	4,7	5,3	8,0	10,8	12,3	22,2	19,7	18,9	18,9	19,2	21,8	25,7	24,0	19,6
3. Manufacturing	9,2	9,0	8,4	9,8	9,6	8,3	8,9	9,4	9,5	10,6	10,3	11,6	10,8	12,9
4. Electricity, gas and water supply	0,5	0,5	0,5	0,4	0,5	0,5	0,5	0,6	0,6	0,5	0,5	0,5	0,5	0,6
5. Construction	2,8	3,1	3,5	3,8	3,9	3,8	4,7	5,3	5,4	5,5	5,6	5,6	5,8	5,9
6. Transport and communication	2,8	3,0	4,4	4,0	3,8	4,1	4,1	4,3	4,4	4,5	4,4	4,3	4,4	4,7
7. Trade, financial and other Services	30,7	30,5	30,4	30,9	29,8	28,4	30,4	30,4	30,2	29,3	29,3	27,5	29,2	30,0
Gross Domestic Product	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0
At constant 1973 market prices														
1. Agriculture, forestry and fishery	46,9	45,5	44,0	40,8	40,1	38,7	36,8	36,1	33,6	32,8	32,0	30,7	29,8	29,8
2. Mining and quarrying	9,4	10,1	9,9	11,1	12,3	11,8	10,9	11,7	12,0	11,0	10,3	9,3	8,9	7,6
3. Manufacturing	8,3	8,4	8,8	9,3	9,6	10,4	11,1	11,4	11,9	12,9	13,7	15,3	15,6	15,4
4. Electricity, gas and water supply	0,4	0,4	0,5	0,4	0,5	0,5	0,5	0,6	0,6	0,6	0,7	0,7	0,7	0,9
5. Construction	2,4	2,7	3,1	3,7	3,9	4,4	4,8	4,7	5,2	5,5	5,6	5,7	6,0	6,1
6. Transport and communication	3,3	3,2	3,8	3,8	3,8	4,0	4,0	4,2	4,9	5,4	5,5	5,4	5,6	5,8
7. Trade, financial and other Services	29,3	29,7	29,9	30,9	29,8	30,2	31,9	31,3	31,8	32,2	32,2	32,9	33,4	34,4
Gross Domestic Product	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0	100,0

Source: Department of Finance, Financial Report and State Budget 1984/1985.

Note: 1) Corrected figures.
 2) Provisional figures.

Table A.3

Percentage Increase of Gross Domestic Product
(1970 - 1982)

Sector	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981 ¹⁾	1982 ²⁾	Average 1970-1982
At current market prices														
1. Agriculture, forestry and fishery	17.6	4.5	11.6	47.5	29.0	14.5	20.2	22.7	13.6	34.1	25.5	20.8	14.8	21.1
2. Mining and quarrying	34.1	69.9	67.0	69.2	185.7	4.7	17.9	22.9	21.1	60.2	67.2	11.1	- 9.7	42.1
3. Manufacturing	16.7	4.8	45.9	45.1	36.9	26.3	29.3	25.0	33.2	36.8	59.7	10.1	31.9	31.3
4. Electricity, gas and water supply	15.4	20.0	11.1	52.0	71.1	34.2	40.5	7.6	12.0	25.8	51.3	28.0	32.0	30.9
5. Construction	33.3	28.0	35.9	50.6	55.0	45.2	32.8	25.9	21.4	44.1	41.0	23.5	12.5	34.5
6. Transport and communication	24.7	68.8	12.3	41.2	72.0	17.9	27.1	27.2	22.4	37.8	38.3	19.7	18.8	32.4
7. Trade, financial intermediaries and other Services	18.2	13.3	26.4	42.6	51.4	26.4	22.0	22.2	19.7	36.5	33.1	26.9	13.0	27.3
Gross Domestic Product	19.1	13.4	24.3	48.0	58.6	18.1	22.3	23.1	19.5	40.8	41.9	18.9	10.4	27.5
At constant 1973 market prices														
1. Agriculture, forestry and fishery	4.1	3.6	1.6	9.3	3.7	0.01	4.7	1.3	5.8	3.9	5.2	4.9	2.1	3.8
2. Mining and quarrying	5.5	5.6	22.3	23.3	3.4	3.6	15.0	12.4	- 2.0	- 0.2	- 1.2	3.3	- 12.1	5.0
3. Manufacturing	9.0	12.6	15.1	15.2	16.2	12.3	9.7	13.7	16.8	12.9	22.2	10.2	1.2	13.1
4. Electricity, gas and water supply	4.8	9.8	6.1	16.0	21.7	11.4	12.4	5.8	16.1	20.6	13.6	15.4	17.4	13.7
5. Construction	25.4	19.6	29.8	18.0	22.1	14.0	5.4	20.6	14.0	6.4	13.6	12.7	5.2	14.9
6. Transport and communication	4.4	27.3	9.0	12.2	12.1	5.1	13.2	28.1	17.2	8.9	8.9	11.1	5.9	13.0
7. Trade, financial intermediaries and other Services	8.7	7.7	13.0	7.5	9.2	10.7	5.0	10.3	8.0	7.5	12.3	9.5	5.2	8.8
Gross Domestic Product	7.5	7.0	9.4	11.3	7.6	5.0	6.9	8.9	7.7	6.3	9.9	7.9	2.2	7.5

Source: Department of Finance, Financial Report and State Budget 1984/1985

Note: 1) Corrected figures
2) Provisional figures.

Table A.4

Distribution of Labour Force by Industrial Sector (1971, 1980)

Sector	1971		1980		Average Annual % increase 1971 - 1980
	in thousand	%	in thousand	%	
Agriculture etc.	24,963.9	63.2	28,040.4	54.8	1.0
Mining	90.6	0.2	369.4	0.7	16.5
Manufacturing	2,949.6	7.5	4,360.7	8.5	4.1
Utilities	38.1	0.1	84.6	0.2	8.9
Construction	740.6	1.9	1,573.1	3.1	8.4
Trade	4,143.2	10.5	6,611.4	12.9	5.0
Transport & Communications	919.2	2.3	1,467.8	2.9	5.0
Finance	95.5	0.2	232.5	0.5	10.1
Services	3,939.7	10.0	7,739.3	15.1	7.5
Others	1,593.5	4.1	712.3	1.4	-
Total	39,474.5	100.0	51,191.5	100.0	2.9

Source : Biro Pusat Statistik, STATISTIK INDONESIA 1981 (Jakarta, 1982)

Table A.5

Student Number by Educational Level (1978 - 1982) (in thousand students)

Level of Education	'78/'79	%	'79/'80	%	'80/'81	%	'81/'82	%
Elementary	19,075	81.7	21,166	81.4	22,487	80.0	23,862	78.9
Junior High	2,674	11.5	2,978	11.5	3,412	12.1	3,809	12.6
Senior High	604	2.6	776	3.0	1,036	3.7	1,286	4.3
Vocational High	686	2.9	696	2.7	718	2.6	737	2.4
Higher Education	296	1.3	364	1.4	450	1.6	544	1.8
Total	23,335	100.0	25,980	100.0	28,103	100.0	30,238	100.0

Source : Biro Pusat Statistik : STATISTIK INDONESIA 1979 to 1982

Table A.6

Indices of Student Increase by Educ. Level (1978 - 1982) (1978/1979 = 100)

Level of Education	'78/'79	'79/'80	'80/'81	'81/'82
Elementary	100	111.0	117.9	125.1
Junior High	100	111.4	127.6	142.4
Senior High	100	128.5	171.5	212.3
Vocational High	100	101.5	104.7	107.4
Higher Education	100	185.7	229.0	277.6
Total	100	111.3	120.4	129.6

Source : Calculated from Table A.5

Table A.7

Unemployment Rates by Education of the Labour Force, 1976

(% of Labour force)

Education	Urban		Rural	
	Male	Female	Male	Female
No schooling	2.5	0.4	0.6	0.4
Primary incompleted	6.0	3.1	1.4	0.7
Primary	7.1	5.5	2.6	2.7
Junion High	8.0	11.3	5.8	7.1
Senior High	10.1	13.1	7.1	9.9
Academy (bachelor degree)	3.8	11.1	12.2	3.2
University	1.8	5.3	4.4	-
	6.9	5.1	1.9	1.1

Source : Intercensal Population Survey, 1976

Table A.8

Educational Attainment of the Labour Force (1980)

Education	Number	Percent	Cumulative
No schooling	14,934,450	29.1	29.1
Primary incompleted	19,076,895	37.2	66.3
Primary	11,211,710	21.9	88.2
Junion High	2,628,498	5.1	93.3
Senior High	1,213,297	2.4	95.7
Vocational High	1,664,416	3.3	99.0
Higher Education	440,364	0.9	99.9
Not stated	21,382	0.1	100.0
Total	51,191,512	100.0	

Source : Biro Pusat Statistik, STATISTIK INDONESIA 1982

Table A.9Distribution of Labour Force by Age Group (1980)

Age group	Number (in thousands)	%	Cum. %
15 - 19	6,952.5	13.6	13.6
20 - 24	7,024.6	13.7	27.3
25 - 29	7,185.1	14.0	41.3
30 - 34	5,357.7	10.5	51.8
35 - 39	5,781.9	11.3	63.1
40 - 44	5,180.0	10.1	73.2
45 - 49	4,283.4	8.4	81.6
50 - 54	3,642.4	7.2	88.8
55 - 59	2,142.2	4.2	93.0
60 - 64	1,754.9	3.4	96.4
65 +	1,724.8	3.3	99.7
Not stated	162.0	0.3	100.0
	51,191.5	100.0	-

Source : Biro Pusat Statistik, STATISTIK INDONESIA 1981

Table A.10

Number of Disputes, Work Stoppages, and Workers Involved, 1950 - 61

Year	Disputes	Workers involved in dispute	Work stoppages	Workers involved in stoppages	Working hours lost by work stoppages
1950	180	-	184	490,539	54,489,897
1951	2,754	-	541	319,030	26,039,398
1952	4,003	-	349	132,963	6,152,377
1953	1,823	1,268,480	280	419,580	4,812,090
1954	2,963	2,304,747	347	157,582	2,385,730
1955	3,697	3,488,747	469	238,872	4,097,803
1956	3,896	3,111,957	505	340,203	6,968,931
1957	4,131	5,057,478	151	62,024(a)	863,257(a)
1958	3,350	2,975,922	55	13,578	98,060
1959	2,825	1,956,500	70	26,626	219,237
1960	1,096	833,235	64	14,577	306,462
1961	1,159	900,009	86	63,111	738,874

(a) In addition, 1,030,083 workers went out on strike and 7,218,706 hours were lost at the end of 1957 in the protest movement concerning West Irian.

Source : Ministry of Labor, Ekonomi dan Keuangan Indonesia, 8 (1955), p.458; Tindakan Masa'alalah Perburuhan, 10 (1959), pp. 44 - 49; Statistical Pocketbook of Indonesia 1961, pp. 243 - 45; and Departmen Perburuhan R.I. Statistik Perburuhan, Tahun 1961.

Table A.11

Age-group of Workers by Educational Attainment

Educ. Age	Univ.		Senior High		Junior High		Primary		All	
	(N)	%	(N)	%	(N)	%	(N)	%	(N)	%
16-25	(1)	1.3	(17)	10.8	(15)	17.9	(29)	36.3	(62)	15.5
26-30	(14)	17.7	(47)	29.9	(24)	28.6	(21)	26.2	(106)	26.5
31-35	(17)	21.5	(38)	24.2	(20)	23.8	(19)	23.8	(94)	23.5
36-40	(19)	24.1	(27)	17.2	(18)	21.4	(9)	11.3	(73)	18.2
41-50	(25)	31.6	(21)	13.4	(6)	7.1	(1)	1.2	(53)	13.3
51-59	(3)	3.8	(7)	4.5	(1)	1.2	(1)	1.2	(12)	3.0
(N)	(79)	100.0	(157)	100.0	(84)	100.0	(80)	100.0	(400)	100.0
%	19.7		39.2		21.0		20.0		100.0	

$$X^2 = 78.772$$

$$\text{Signif.} = 0.001$$

Table A.12

Age-group of Workers by Position

Age \ Position	Top		Mid		Clerical		S/F		W		ALL	
	(N)	%	(N)	%	(N)	%	(N)	%	(N)	%	(N)	%
16-25	(0)	0.0	(1)	1.4	(9)	14.1	(3)	3.8	(49)	30.8	(62)	15.5
26-30	(1)	4.2	(10)	13.5	(16)	25.0	(21)	26.6	(58)	36.5	(106)	26.5
31-35	(0)	0.0	(18)	24.3	(16)	25.0	(27)	34.2	(33)	20.8	(94)	23.5
36-40	(2)	8.3	(20)	27.0	(15)	23.4	(19)	24.1	(17)	10.7	(73)	18.2
41-50	(12)	50.0	(24)	32.4	(7)	10.9	(8)	10.1	(2)	1.3	(53)	13.3
51-59	(9)	37.5	(1)	1.4	(1)	1.6	(1)	1.3	(0)	0.0	(12)	3.0
(N)	(24)	100.0	(74)	100.0	(64)	100.0	(79)	100.0	(159)	100.0	(400)	100.0
%	6.0		18.5		16.0		19.7		39.7		100.0	

$$\chi^2 = 246.528$$

$$\text{Signif.} = 0.001$$

Note : S/F = Supervisor/Foreman
W = Manual Worker

Table A.13

Education of Workers by Position

Position \ Educ.	Managerial		Clerical		S/F		M		ALL	
	(N)	%	(N)	%	(N)	%	(N)	%	(N)	%
Univ.	(70)	71.4	(6)	9.4	(3)	3.8	(0)	0.0	(79)	19.8
Senior High	(27)	27.6	(51)	79.7	(45)	57.0	(24)	21.4	(157)	39.2
Junior High	(1)	1.0	(6)	9.4	(26)	32.9	(51)	32.1	(84)	21.0
Elementary	(0)	0.0	(1)	1.5	(5)	6.3	(74)	46.5	(80)	20.0
(N)	(98)	100.0	(64)	100.0	(79)	100.0	(159)		(400)	100.0
%	24.5		16.0		19.7		39.8		100.0	

$$X^2 = 358.568$$

$$\text{Signif.} = 0.001$$

Note : S/F = Supervisor/Foreman

W = Manual Worker

Table A.14

Distribution of Ethnic Group by Frequency of Migration

Frequency	Never		1-3		4-6		7+		ALL	
	(N)	%	(N)	%	(N)	%	(N)	%	(N)	\bar{X}
Javanese	(161)	46.3	(155)	44.5	(28)	8.1	(4)	1.1	(348)	1.2
Madurese	-	-	(8)	100.0	-	-	-	-	(8)	1.0
Sundanese	-	-	(2)	66.7	(1)	33.3	-	-	(3)	2.7
Sumatrans ^a	-	-	(11)	57.9	(6)	31.6	(2)	10.5	(19)	3.6
Ind. Chinese	(8)	36.4	(13)	59.1	(1)	4.5	-	-	(22)	1.3
All	(169)	42.3	(189)	47.2	(36)	9.0	(6)	1.5	(400)	3.1

$X^2 = 107.128$ Signif. = 0.001

Notes : ^a including other outer islanders

\bar{X} = average frequency of migration.

Table A.15

Frequency of Home Visits by Ethnic Group (%)

Ethnic:	Frequency of Visits					Total %	(N)
	0	1-3	4-6	7-12	12+		
Javanese ^a	8.6	44.9	23.2	15.7	7.6	100	(198)
Sumatrans ^b	52.6	36.8	10.6	-	-	100	(19)
Indon. Chinese	7.1	92.9	-	-	-	100	(14)
(N)	(28)	(109)	(48)	(31)	(15)		(231)
%	12.1	47.1	20.9	13.6	6.3	100	

$$\chi^2 = 34.511$$

$$\text{Signif.} = 0.01$$

Notes: ^a including Sundanese and Madurese
^b including other outer islanders

Table A.16

Frequency of Home Visits by Position of Workers (%)

Position	Frequency of Visits					Total %	(N)
	0	1-3	4-6	7-12	12+		
Top - management	-	-	38.9	44.4	16.7	100	(18)
Mid - management	3.8	17.0	37.7	30.2	11.3	100	(53)
Clerical	12.5	71.9	15.6	-	-	100	(32)
S/F	11.8	62.7	17.7	7.8	-	100	(51)
W	20.8	58.4	9.1	3.9	7.8	100	(77)
(N)	(28)	(109)	(48)	(31)	(15)		(231)
%	12.1	47.1	20.9	13.6	6.3	100	

$$\chi^2 = 10.869$$

$$\text{Signif.} = 0.01$$

Notes : S/F = Supervisor/Foreman
W = Manual worker

Table A.17

Purpose of Home-Visit by Migrant's Ethnic Group (%)

Ethnic Group	Visit purpose		Total	(N)
	Social	Economic		
Javanese	86.6	13.4	100	(187)
Madurese	66.7	33.3	100	(3)
Sundanese	87.5	12.5	100	(8)
Sumatrans ^a	100.0	-	100	(19)
Indon. Chinese	92.8	7.2	100	(14)
(N)	(201)	(30)	-	(231)
%	87.0	13.0	100	-

$$X^2 = 6.651$$

$$\text{Signif.} = 0.05$$

Table A.18

Purpose of Home-Visit by Migrant's Position (%)

Position	Visit purpose		Total	(N)
	Social	Economic		
Top - Management	77.8	22.2	100	(18)
Mid - Management	73.6	26.4	100	(53)
Clerical	81.3	18.7	100	(32)
Superv./Foreman	94.7	5.9	100	(51)
Manual Worker	93.5	6.5	100	(77)
(N)	(201)	(30)	-	(231)
%	87.0	13.0	100	-

$$X^2 = 14.536$$

$$\text{Signif.} = 0.05$$

Table A.19

Wages and Remittances by Village-born Worker's Position

Position	Average monthly wages	Median monthly wages	Average monthly remittance	% of wages	(N)
Top - management	443	450	55	12.4	(11)
Mid - management	272	275	28	10.3	(28)
Clerical	89	75	13	14.0	(12)
S/F ^a	95	80	11	11.6	(23)
W ^b	48	40	8	17.0	(36)
All:	129	70	19	14.7	(110)

Notes: Wages and remittances are rounded up to thousand rupiahs

^aS/F = Supervisor/Foreman; ^bW = Manual worker

Table A.20a

Length of Each Training by Position (in man-days)

Position	Type of Training						Total Man-days	Average days	Approx. Equiv. to	(N)
	A	B	C	D	E	F				
Top	2,700	-	-	199	144	1,764	4,807	90.7	15 weeks	(53)
Mid	8,120	-	-	630	484	5,462	14,696	88.0	15 weeks	(167)
Clerical	800	-	72	-	-	-	872	14.0	2.3 weeks	(62)
Supervisor/ Foreman	7,505	640	300	-	-	522	8,967	55.4	9.2 weeks	(162)
Manual Worker	4,291	-	-	-	-	-	4,291	22.8	4.8 weeks	(149)
	23,416	640	372	829	628	7,748	33,633	56.7	9.5 weeks	(593)
%	69.6	1.9	1.1	2.5	1.9	23.0	100.0	-	-	-

Notes : The number of N may exceed the total number of the trained employees in each position because one employee may undergo more than one kind of training.

A = In-company training

B = Training at the Dept. of Industry Training Centre

C = Training at the Dept. of Manpower Training Centre

D = Courses at the East Java Management Centre

E = Training at other domestic training institutions

F = Training abroad

1 week = 6 working days

Table A.20b

Length of each Training by Position in Joint Ventures and Domestic Companies (in man-days)

Position	Kind of training			Total man-days	Average days	Average weeks	(N)
	In-company	Abroad	Other				
Top-management	1,842	1,283	155	3,280	113.1	18.9	(29)
Mid-management	5,725	3,926	378	10,029	110.2	18.4	(91)
Clerical	539	-	56	595	17.5	2.9	(34)
Supervisor/ Foreman	5,121	403	595	6,119	69.5	11.6	(88)
Manual Worker	2,928	-	-	2,928	35.7	5.9	(82)
Total	16,155	5,612	1,184	22,951	70.8	11.8	(324)

Joint Ventures
(T2,T4,C2,E2)

Domestic (T1, T3, C1, E1)	Top-management	858	481	188	1,527	63.6	10.6	(24)
	Mid-management	2,395	1,536	736	4,667	61.4	10.2	(76)
	Clerical	261	-	16	277	9.9	1.6	(28)
	Supervisor/ Foreman	2,384	119	345	2,848	38.5	6.4	(7)
	Manual Worker	1,363	-	-	1,363	20.3	3.4	(67)
	Total	7,261	2,136	1,285	10,682	39.7	6.6	(269)
	Grand Total	23,416	7,748	2,469	33,633	56.7	9.5	(593)

Notes : The number of N may exceed the total number of the trained employees in each position as one employee may undergo more than one kind of training.

1 week = 6 working days

Table A.21

Distributions of Recruitment Channels by Employee Positions in Each Coy. (%)

Coy.	Status	Managerial						Non-Managerial						ALL		
		A	B	C	D	E	F	(N)	A	B	C	D	E	F	(N)	(N)
T1	Dom.	72.7	-	9.1	18.2	-	-	(11)	66.7	28.2	5.1	-	-	-	(39)	(50)
T2	J.V.	40.0	20.0	30.0	10.0	-	-	(10)	60.0	35.0	5.0	-	-	-	(40)	(50)
T3	Dom.	60.0	20.0	6.6	6.7	6.7	-	(15)	80.0	14.3	-	5.7	-	-	(35)	(50)
T4	J.V.	45.4	27.3	18.2	9.1	-	-	(11)	51.3	43.6	-	-	5.1	-	(39)	(50)
C1	Dom.	50.0	25.0	25.0	-	-	-	(12)	81.6	18.4	-	-	-	-	(38)	(50)
C2	J.V.	33.3	13.3	46.7	6.7	-	-	(15)	65.7	28.6	5.7	-	-	-	(35)	(50)
E1	Dom.	66.7	-	33.3	-	-	-	(12)	71.1	21.1	7.8	-	-	-	(38)	(50)
E2	J.V.	41.7	8.3	50.0	-	-	-	(12)	71.1	13.1	5.3	2.6	5.3	2.6	(38)	(50)
(N)		(50)	(14)	(27)	(6)	(1)	-	(98)	(205)	(77)	(11)	(3)	(5)	(1)	(302)	(400)
%		51.0	41.3	27.6	6.1	1.0	-	100.0	67.9	25.5	3.6	1.0	1.7	0.3	100.0	

Notes : Recruitment channels through:

A = Recommendation B = Random Application C = Advertisement
D = Employment Agency E = Labour Office F = Labour Union
Dom = Domestic J.V. = Joint Venture with foreign nationals

Table A.22

Scores of Selection Criteria for Each Position

Selection Criteria	Worker Position					Mean
	Top	Mid	Adm.	S/F	W	
<u>Ascriptive:</u>						
Age	7	7	6	8	9	7.6
Marital Status	5	5	5	7	8	6.0
Health	7	7	7	8	8	7.4
Police records	1	2	4	6	10	4.6
Mean	5.0	5.3	5.5	7.3	8.8	6.4
<u>Cognitive:</u>						
Education	10	9	7	8	3	7.4
Experience	8	8	5	8	3	6.4
Special training	6	5	4	4	2	4.2
General knowledge	7	6	2	2	0	3.4
Mean	7.8	7.0	4.5	5.5	2.0	5.4
<u>Affective:</u>						
Leadership	10	7	3	6	0	5.2
Initiative	8	7	5	7	4	6.2
Human relations	7	6	3	5	3	4.8
Honesty	7	6	5	5	4	5.4
Responsibility	7	6	4	6	3	5.2
Accuracy	4	5	8	4	5	5.2
Cleanliness	6	4	7	3	2	4.4
Perseverance	3	4	3	5	7	4.4
Punctuality	3	4	5	6	8	5.2
Compliance	0	4	4	6	9	4.6
Energetic	2	2	2	3	7	3.2
Reliability	7	4	4	4	6	5.0
Mean	5.3	4.9	4.4	5.0	4.8	4.9

Scoring scale : min. = 0; max. = 10

Notes : S/F = Supervisor/Foreman W = Manual worker

Adm. = Administrative staff

Table A.23

Distribution of Satisfaction by Position (%)

Statement:	Position				All	(N)
	Manag- erial	Clerical	S/F	W		
Dissatisfied	2.1	6.2	6.3	11.9	7.5	(30)
Fairly satisfied	33.7	59.4	57.0	66.7	55.5	(222)
Satisfied	64.2	29.7	36.7	20.8	36.0	(144)
Very Satisfied	-	1.6	-	-	0.2	(1)
Don't know	-	3.1	-	0.6	0.8	(3)
(N)	(98)	(64)	(79)	(159)	100.0	(400)

$$X^2 = 66.893$$

$$\text{Signif.} = 0.01$$

Note S/F = Supervisor/Foreman

W = Manual worker

Table A.24

Distribution of Satisfaction by Education (%)

Statement:	Education				All	(N)
	Univ.	S.H.	J.H.	EL.		
Dissatisfied	2.5	5.7	9.5	13.7	7.5	(30)
Fairly Satisfied	35.4	57.3	58.3	68.9	55.5	(222)
Satisfied	60.8	36.3	31.0	16.2	36.0	(144)
Very Satisfied	-	0.7	-	-	0.2	(1)
Don't know	1.3	-	1.2	1.2	0.8	(3)
(N)	(79)	(157)	(84)	(40)	100.0	(400)

$$X^2 = 43.715$$

$$\text{Signif.} = 0.01$$

Note : S.H. = Senior High School

J.H. = Junior High School

EL = Elementary School

Table A.25

Distribution of Satisfaction by Age-group (%)

Statement	Age-group						All	(N)
	16-20	21-25	26-30	31-35	36-40	41-59		
Dissatisfied	10.0	9.6	13.2	7.4	1.4	3.1	7.5	(30)
Fairly satisfied	80.0	73.1	53.8	59.6	52.1	38.5	55.5	(222)
Satisfied	10.0	15.4	31.1	31.9	46.6	58.4	36.0	(144)
Very satisfied	-	1.9	-	-	-	-	0.2	(1)
Don't know	-	-	1.9	1.1	-	-	0.7	(3)
(N)	(10)	(52)	(106)	(94)	(73)	(65)	100.0	(400)

$$X^2 = 50.189$$

$$\text{Signif.} = 0.01$$

Table A.26

Distribution of Job Factors Average Scoring by Position

Job Factor:	Position				Average
	Managerial	Adm.	S/F	W	
1. Wages	6.8	8.7	8.0	8.9	8.2
2. Job Security	6.5	7.7	7.0	7.8	7.3
3. Workmates' congeniality	6.4	6.7	7.1	7.7	7.1
4. Fringe-benefits	4.9	7.4	7.2	7.3	6.8
5. Working conditions	5.5	5.8	6.0	5.2	5.5
6. Opportunity for advancement	5.5	4.2	4.7	3.1	4.9
7. Suitable type of job	4.7	3.4	3.8	2.1	4.3
8. Superior's appreciation	6.2	3.0	3.4	2.8	3.9
9. Opportunity to learn the job	6.6	3.0	3.6	2.5	3.6
10. Hours of work	3.3	3.6	3.0	3.7	3.6
(N)	(98)	(64)	(79)	(159)	(400)

$$X^2 = 50.079$$

$$\text{Signif.} = 0.05$$

Notes: Adm. = Administrative staff S/F = Supervisor/Foreman
W = Manual worker
Scoring system : 1 to 10

Table A.27

Average monthly wages ^a by Position by Company

Position	Company								Av.	Ratio 48=1
	T1	T2	T3	T4	C1	C2	E1	E2		
Top - management	254	- ^b	214	403	675	583	750	683	443	9.23
Mid - management	228	200	173	193	290	384	356	400	272	5.66
Admin. staff	96	51	93	79	75	101	54	95	89	1.85
Supervisor/ Foreman	69	50	61	93	96	132	113	155	95	1.98
Manual worker	37	36	49	39	49	70	43	75	48	1.00
Average :	93	68	97	105	136	200	149	203	129	-
Ranking :	7	8	6	5	4	2	3	1		

Notes : ^a rounded to the nearest thousand rupiahs^b there is no Indonesian employee in top -
management (T2)

Rate of exchange at the time of survey 1 US\$ = Rp.970

Table A.28

Proportion of K_0 to K_3 Employees Paid less than the Specified MPN in Each Company

Coy.	K_0			K_1			K_2			K_3			ALL		
	N	N1	%	N	N1	%	N	N1	%	N	N1	%	N	N1	%
T1	4	1	25	11	4	36	13	13	100	11	11	100	39	29	74
T2	10	5	50	9	5	56	15	15	100	12	12	100	46	37	80
T3	1	0	0	4	2	50	11	11	100	22	22	100	38	35	92
T4	4	3	75	6	2	33	19	19	100	10	10	100	39	34	87
Total	19	9	47	30	13	43	58	58	100	55	55	100	162	135	83
C1	6	1	17	6	3	50	18	18	100	13	13	100	43	35	81
C2	2	0	0	6	0	0	21	21	100	13	13	100	42	34	81
E1	13	5	39	13	3	23	11	11	100	8	8	100	45	27	60
E2	4	0	0	9	2	22	12	12	100	14	14	100	39	28	72
Total	25	6	24	34	8	34	62	62	100	48	48	100	169	124	73
All	44	15	34	64	21	33	120	120	100	103	103	100	331	259	78

Notes : N = Total number of employees in the specified K category
 N1= Number of employees who are paid less than MPN in the specified K category

K_0 = unmarried employee

K_1 = married employee with one child

K_2 = married employee with two children

K_3 = married employee with three children

Married employees with more than three children are not included because MPN for category higher than K_3 has not been drawn up yet.

Table A.29

The Effects of Some Variables on Extra Income (ANOVA Result)

Factors	Sum of Squares	Signif. level
<u>Main effects</u>	31,208.469	0.001
Position	24,832.789	0.001
Education	801.301	0.01
<u>Covariates:</u>	11,237.430	0.05
Age	10,752.777	0.001
No. of dependents	116.612	0.50
<u>Residual</u>	354,763.375	
Total	397,209.312	

(Multiple Classification Analysis Table)

Variables & Categories	Unadjusted deviation	Adjusted for indep. dev'n	Adjusted for indep. and covariates dev'n
<u>Position:</u>			
Managerial	12.98	10.45	8.82
Clerical	3.30	3.13	2.97
Supervisor/ Foreman	-2.88	-2.74	-1.85
Manual worker	-3.60	-1.88	1.01
<u>Education:</u>			
University	8.98	6.03	4.93
Senior High	0.38	0.29	-0.38
Junior High	-3.16	-1.50	-1.06
Elementary	-4.87	-3.33	-2.32
Multiple R	-	(0.280)	(0.327)
Multiple R ²	-	(0.079)	(0.107)

Grand mean = 8.27

Table A.30

Degree of Employee's Satisfaction by Extra-Income

Degree of Job Satisfaction	With Extra Income		No Extra Income		All	
	(N)	%	N	%	N	%
Dissatisfied	(8)	6.7	(22)	7.9	(30)	7.5
Fairly satisfied	(49)	40.8	(173)	61.8	(222)	55.5
Satisfied	(62)	51.7	(82)	29.2	(144)	36.0
Very satisfied	-	-	(1)	0.4	(1)	0.2
Don't know	(1)	0.8	(2)	0.7	(2)	0.8
All	(120)	100.0	(280)	100.0	(400)	100.0
%	30		70		100	

$$X^2 = 5.898$$

$$\text{Signif.} = 0.05$$

Table A.31

Degree of Employee's satisfaction by Income-earning and non Income-earning Wife

Degree of Job Satisfaction	Wife has income		Wife has no income		All	
	(N)	%	(N)	%	(N)	%
Dissatisfied	(6)	6.8	(19)	7.5	(25)	7.2
Fairly satisfied	(45)	51.1	(166)	64.5	(211)	61.2
Satisfied	(35)	39.8	(70)	27.2	(105)	30.4
Very satisfied	-	-	(1)	0.4	(1)	0.3
Don't know	(2)	2.3	(1)	0.4	(3)	0.9
All	(88)	100.0	(257)	100.0	(345)	100.0
%	25.5		74.5		100	

$$X^2 = 6.753$$

$$\text{Signif.} = 0.05$$

Table A.32

The Effects of Some Variables on Satisfaction

Factors	Sum of Squares	Signif. level
<u>Main effects:</u>	3.734	0.025
Employee with by-job	1.670	0.01
Wife with job	2.050	0.05
<u>Covariates:</u>	6.978	0.001
Age	6.976	0.001
No. of dependents	0.102	N.S.

(Multiple Classification Analysis Table)

Variables categories	Unadjusted deviation	Adjusted for indep. dev'n	Adjusted for indep. and covariates dev'n
Employee with by-job	0.15	0.15	0.11
Employee without by-job	-0.03	-0.02	-0.02
Wife with job	0.06	0.05	0.05
Wife without job	0.01	0.02	-0.01
Multiple R	-	0.25	0.278
Multiple R ²	-	0.065	0.077

Grand mean = 2.31

Table A.33

Breakdown of Earnings to Education and Age-group

Education	U	B	V.H.	S.H.	J.H.	E	(N)
<u>Age-group:</u>							
16-20	-	-	49	-	23	21	
(N)	-	-	(1)	-	(2)	(5)	(8)
21-25	-	125	65	59	33	32	
(N)		(1)	(7)	(9)	(13)	(22)	(52)
26-30	363	210	76	68	50	40	
(N)	(4)	(10)	(25)	(22)	(24)	(20)	(105)
31-35	383	217	131	88	56	54	
(N)	(6)	(11)	(19)	(19)	(20)	(19)	(94)
36-40	397	352	163	125	60	57	
(N)	(7)	(12)	(8)	(19)	(18)	(8)	(72)
41-50	435	357	200	150	71	55	
(N)	(13)	(12)	(7)	(14)	(6)	(4)	(53)
51-59	425	290	206	142	70	50	
(N)	(2)	(1)	(2)	(5)	(1)	(5)	(16)
\bar{W}	406	286	122	111	53	44	
(N)	(32)	(47)	(69)	(88)	(84)	(80)	(400)

Notes : \bar{W} = mean of earnings is in thousand rupiahs per month

U = University degree B = Bachelor degree

V.H.= Vocational High School S.H.= Senior High School

J.H.= Junior High School E = Elementary School

Table A.34

Worker's Statement on Wage-Differentials by Length of Employment Experience (%)

Statement	Length of Employment (years)					(N)	%
	1 - 5	6 - 10	11 - 20	21 - 30	31 - 40		
Discontent	69.0	70.4	48	32	25	(210)	52.5
Indifferent	24.1	16.3	15	56	75	(89)	22.3
Don't know	6.9	13.3	37	12	0	(101)	25.2
	100.0	100.0	100	100	100		100.0
(N)	(29)	(98)	(215)	(50)	(8)	(400)	

$$X^2 = 173.854$$

$$\text{Signif.} = 0.05$$

TABLE A.35
APPROVED FOREIGN INVESTMENT PROJECTS BY ORIGIN 1)
 (millions of \$)

Country of origin	1967-1976	1977	1978	1979	1980	1981	1982	Total	
								Volume	Project
1. Europe	<u>509.1</u>	<u>31.3</u>	<u>48.0</u>	<u>93.7</u>	<u>228.1</u>	<u>141.8</u>	<u>356.4</u>	<u>1,408.4</u>	<u>159</u>
- United Kingdom	46.6	7.8	4.9	45.3	4.8	14.9	163.6	287.9	42
- Netherlands	171.4	6.9	27.9	3.0	147.5	49.2	30.6	436.5	43
- France	20.2	0.2	5.5	--	0.4	--	0.3	26.6	8
- Germany Fed. Rep. of	183.7	6.5	1.4	3.9	23.4	15.3	52.3	286.5	22
- Belgium	39.7	1.6	0.8	8.0	40.7	53.1	--	143.9	15
- Switzerland	30.4	--	7.5	9.1	1.4	2.5	94.9	145.8	15
- Others	17.1	8.3	--	24.4	9.9	6.8	14.7	81.2	14
2. America	<u>200.2</u>	<u>29.4</u>	<u>29.6</u>	<u>49.6</u>	<u>137.3</u>	<u>24.6</u>	<u>80.3</u>	<u>551.0</u>	<u>82</u>
- United States of America	184.1	27.0	22.0	49.4	136.9	16.7	80.3	516.4	74
- Canada	2.5	2.4	4.6	--	--	--	--	9.5	2
- Others	13.6	--	3.0	0.2	0.4	7.9	--	25.1	6
3. Asia	<u>2,796.9</u>	<u>249.2</u>	<u>225.1</u>	<u>1,183.7</u>	<u>147.9</u>	<u>741.6</u>	<u>979.0</u>	<u>6,323.4</u>	<u>428</u>
- Japan	2,102.0	104.1	162.2	1,033.7	72.7	219.9	602.4	4,297.0	211
- Hongkong	489.3	127.3	61.9	115.6	24.7	286.8	246.6	1,352.2	130
- Thailand	2.5	--	0.2	--	1.8	3.1	--	7.6	4
- Singapore	37.1	2.1	0.8	6.1	31.6	20.6	44.1	142.4	28
- Philippines	12.6	3.9	--	--	--	3.8	40.0	60.3	8
- Malaysia	19.8	--	--	4.8	--	1.2	--	25.8	14
- Others	133.6	11.8	--	23.5	17.1	206.2	45.9	438.1	33
4. Africa	<u>11.4</u>	<u>--</u>	<u>4.6</u>	<u>--</u>	<u>4.3</u>	<u>--</u>	<u>--</u>	<u>20.3</u>	<u>2</u>
- Liberia	11.4	--	4.6	--	4.3	--	--	20.3	2
5. Australia	<u>236.5</u>	<u>2.2</u>	<u>--</u>	<u>8.3</u>	<u>1.8</u>	<u>19.4</u>	<u>13.3</u>	<u>281.5</u>	<u>34</u>
6. Group of country	<u>1,311.9</u>	<u>296.5</u>	<u>90.5</u>	<u>491.8</u>	<u>356.1</u>	<u>243.9</u>	<u>490.6</u>	<u>3,281.3</u>	<u>89</u>
Total	<u>5,066.0</u>	<u>608.6</u>	<u>397.8</u>	<u>1,827.1</u>	<u>875.5</u>	<u>1,171.3</u>	<u>1,919.6</u>	<u>11,865.9</u>	<u>794</u>

1) After taking into account the cancellations and shifting of projects from foreign to domestic investment.
 Source: Bank Indonesia, Report for the Financial Year 1982/1983
 (Jakarta, 1983).

Table A.36

Cumulative Approved Foreign Investment by Country of Origin
(1967 - 1982) in Ranking Order of Investment
 (in millions of U.S. \$)

No.	Country	No. of Project	%	Investment	%	Average per project
1.	Japan	211	26.6	4,297.0	36.2	20.36
2.	Hongkong	130	16.4	1,352.2	11.4	10.40
3.	U.S.A.	74	9.3	516.4	4.4	6.98
4.	Netherlands	43	5.4	436.5	3.7	10.15
5.	United Kingdom	42	5.3	287.9	2.4	6.85
6.	West Germany	22	2.8	286.5	2.4	13.02
7.	Australia	34	4.3	281.5	2.3	8.28
8.	Switzerland	15	1.9	145.8	1.2	9.72
9.	Belgium	15	1.9	143.9	1.2	9.59
10.	Singapore	28	3.5	142.4	1.2	5.09
11.	Philippines	8	1.0	60.3	0.5	7.53
12.	France	8	1.0	26.6	0.2	3.32
13.	Malaysia	14	1.8	25.8	0.2	1.84
14.	Liberia	2	0.2	20.3	0.2	10.15
15.	Canada	2	0.2	9.5	0.1	4.75
16.	Thailand	4	0.5	7.6	0.1	1.90
17.	Others	53	6	544.4	4.6	10.27
18.	Group of countries	89	11.2	3,281.3	27.7	36.86
Total		794	100.0	11,865.9	100.0	14.94

Source : Calculated from Table A.35

TABLE A.37
APPROVED FOREIGN INVESTMENT PROJECTS BY SECTOR 1)
(millions of \$)

Sector	1967-1976	1977	1978	1979	1980	1981	1982	Total	
								Volume	Project
Agriculture, forestry and fishery	286.9	52.6	64.7	102.2	84.4	216.8	85.0	892.6	138
- Agriculture	84.4	21.4	3.0	22.2	43.4	31.9	15.9	222.2	55
- Forestry	147.2	28.5	38.6	39.7	38.6	163.2	63.4	519.2	58
- Fishery	55.3	2.7	23.1	40.3	2.4	21.7	5.7	151.2	25
Mining	1,057.3	200.5	38.1	150.0	3.0	12.8	226.4	1,688.1	20
- Metal	906.3	200.0	22.0	150.0	--	0.8	214.4	1,493.5	6
- Others	151.0	0.5	16.1	--	3.0	12.0	12.0	194.6	14
Manufacturing	3,208.8	327.4	275.5	1,525.4	710.2	869.4	1,326.6	8,243.3	484
- Food	175.4	8.3	5.5	64.4	14.2	40.3	6.3	314.4	43
- Textile	890.0	70.8	114.6	103.4	78.7	138.9	46.9	1,443.3	73
- Wood and wood products	43.3	--	1.0	6.0	11.2	123.6	15.5	200.6	22
- Paper and paper products	86.5	9.7	0.4	10.5	2.3	48.5	--	157.9	11
- Chemical and rubber	310.5	49.3	25.5	365.0	282.2	270.1	432.7	1,725.3	140
- Non metallic minerals	346.2	98.3	19.7	76.7	222.1	20.2	62.5	845.7	31
- Basic metals	1,096.6	18.4	9.9	854.9	--	84.8	3.6	2,068.2	23
- Metal products	254.5	72.6	92.0	44.5	98.8	143.0	759.1	1,464.5	134
- Others	5.8	--	6.9	--	0.7	--	--	13.4	7
Construction	64.2	0.8	5.4	0.5	7.7	48.8	40.3	167.7	65
Trade and hotels	167.8	7.0	9.7	3.0	38.6	--	19.2	245.3	16
- Trade	11.7	--	--	--	--	--	2.2	13.9	3
- Hotels	156.1	7.0	9.7	3.0	38.6	--	17.0	231.4	13
Transportation and communication	45.0	--	--	0.2	31.6	0.1	17.9	94.8	18
- Transportation	45.0	--	--	0.2	31.6	0.1	17.9	94.8	18
- Communication	--	--	--	--	--	--	--	--	--
Services	236.0	20.3	4.4	45.8	--	23.4	204.2	534.1	53
- Trade services	221.3	20.3	2.4	45.8	--	23.4	204.2	517.4	42
- Personal services	14.7	--	2.0	--	--	--	--	16.7	11
Total	5,066.0	608.6	397.8	1,827.1	875.5	1,171.3	1,919.6	11,865.9	794

1) After taking into account the cancellations and shifting of projects from foreign to domestic investment.

Source: Bank Indonesia, Report for the Financial Year 1982/1983.

Table A.38

Cumulative Approved Foreign Investment by Industry Sector

(1967 - 1982)

(in million U.S. \$.)

Industry Sector	Project	%	Investment	%	Average per Project
<u>AGRICULTURE</u>	<u>138</u>	<u>17.4</u>	<u>892.6</u>	<u>7.5</u>	<u>6.47</u>
- Agriculture	55	7.0	222.2	1.9	4.04
- Forestry	58	7.3	519.2	4.4	8.95
- Fishery	25	3.1	151.2	1.2	6.05
<u>MINING</u>	<u>20</u>	<u>2.5</u>	<u>1,688.1</u>	<u>14.2</u>	<u>84.40</u>
- Metal	6	0.8	1,493.5	12.6	248.92
- Others	14	1.7	194.6	1.6	13.90
<u>MANUFACTURING</u>	<u>484</u>	<u>61.0</u>	<u>8,243.3</u>	<u>69.5</u>	<u>17.03</u>
- Food	43	5.4	314.4	2.6	7.31
- Textile	73	9.2	1,443.3	12.3	19.77
- Wood	22	2.8	200.6	1.7	9.12
- Paper	11	1.4	157.9	1.3	14.35
- Chemical	140	17.6	1,735.3	14.6	12.39
- Non metallic minerals	31	3.9	845.7	7.1	27.28
- Basic metals	23	2.9	2,068.2	17.5	89.92
- Metal Products	134	16.9	1,464.5	12.3	10.93
- Others	7	0.9	13.4	0.1	1.91
<u>CONSTRUCTION</u>	<u>65</u>	<u>8.1</u>	<u>167.7</u>	<u>1.4</u>	<u>2.58</u>
<u>TRADE AND HOTELS</u>	<u>16</u>	<u>2.0</u>	<u>245.3</u>	<u>2.1</u>	<u>15.33</u>
- Trade	3	0.4	13.9	0.1	4.63
- Hotels	13	1.6	231.4	2.0	17.80
<u>TRANSPORTATION</u>	<u>18</u>	<u>2.3</u>	<u>94.8</u>	<u>0.8</u>	<u>5.27</u>
<u>SERVICES</u>	<u>53</u>	<u>6.7</u>	<u>534.1</u>	<u>4.5</u>	<u>10.08</u>
- Trade services	42	5.3	517.4	4.4	12.32
- Personal Services	11	1.4	16.7	0.1	1.52
TOTAL	794	100.0	11,865.9	100.0	14.94

Source : Calculated from Table A.37

Table A.39
Foreign direct investment of the four largest investing countries by industry, December 1976
(millions of U.S. \$)

Country	No. of Industry	Japan			Hongkong			U.S.A.			Netherlands		
		No. of pro- jects	Total invest- ment	Percent- age of total Japanese invest- ment	No. of pro- jects	Total invest- ment	Percent- age of total Hongkong invest- ment	No. of pro- jects	Total invest- ment	Percent- age of total U.S.A. invest- ment	No. of pro- jects	Total invest- ment	Percent- age of total Nether- lands investment
1. Agriculture	7	7.325	1.186	2	0.319	0.151	5	23.160	16.270	3	0.556	1.072	
2. Forestry	16	32.875	5.324	16	38.073	18.055	4	9.167	6.440	1	0.829	1.598	
3. Fishery	14	18.009	2.916	-	-	-	1	2.400	1.686	-	-	-	
4. Metal mining	-	-	-	-	-	-	2	16.000	11.240	1	-	-	
5. Other mining	-	-	-	1	0.600	0.285	-	-	-	-	-	-	
6. Food industry	8	7.084	1.147	3	7.800	3.699	7	7.923	5.566	8	6.171	11.896	
7. Textile industry	30	159.790	25.877	20	60.545	28.711	3	5.875	4.127	2	20.300	39.133	
8. Wood industry	8	3.535	0.572	-	-	-	1	1.350	0.948	-	-	-	
9. Paper industry	2	1.542	0.250	4	1.448	0.687	1	1.800	1.264	2	0.625	1.205	
10. Petrochemical industry	27	34.679	5.616	16	15.980	7.578	23	34.987	24.578	8	5.189	10.003	
11. Mineral and metal industry	3	18.602	3.013	5	7.150	3.391	7	7.964	5.595	-	-	-	
12. Basic metal industry	12	261.725	42.885	4	4.800	2.276	2	3.700	2.599	2	1.967	3.792	
13. Metal product industry	35	35.474	5.745	16	10.108	4.793	11	10.875	7.640	6	7.675	14.795	
14. Other industry	1	0.825	0.134	3	0.968	0.459	1	0.324	0.227	1	0.225	0.434	
15. Construction	20	13.455	2.179	5	5.340	2.532	11	6.753	4.744	2	0.450	0.867	
16. Commerce	1	1.040	0.168	-	-	-	-	-	-	1	0.100	0.193	
17. Hotel	1	3.410	0.552	8	25.935	12.299	1	0.450	0.376	1	1.610	3.104	
18. Transportation	9	6.630	1.074	-	-	-	4	2.225	1.563	1	0.112	0.216	
19. Communication	-	-	-	-	-	-	1	2.800	1.967	-	-	-	
20. Trade services	7	10.555	1.709	10	20.740	9.835	6	3.981	2.797	5	5.591	10.778	
21. Sanitary services	-	-	-	-	-	-	-	-	-	-	-	-	
22. Social services	-	-	-	1	0.170	0.081	-	-	-	2	0.475	0.916	
23. Recreational services	1	0.935	0.151	7	10.902	5.170	1	0.616	0.433	-	-	-	
Total	202	617.490	100.000	121	210.876	100.000	92	142.350	100.000	46	51.875	100.000	

Source : Bank Indonesia Report, 1976

Table A.40

Average size of capital investment of the four major investing countries, December, 1976
(millions of U.S. \$)

No.	Industry	Japan	Hongkong	U.S.A.	Netherlands
1.	Agriculture	1.046	159	4.532	0.185
2.	Forestry	2.054	2.379	2.291	0.289
3.	Fishery	1.286	-	2.400	-
4.	Metal mining	-	-	8.000	-
5.	Other mining	-	0.600	-	-
6.	Food industry	0.885	2.600	1.131	0.771
7.	Textile industry	5.326	3.027	1.958	10.150
8.	Wood industry	0.441	-	1.350	-
9.	Paper industry	0.771	0.362	1.800	0.312
10.	Petrochemical industry	1.284	0.998	1.521	0.648
11.	Non metal industry	6.200	1.430	1.137	-
12.	Basic metal industry	21.810	1.200	1.850	0.983
13.	Metal product industry	1.013	0.631	0.988	1.279
14.	Other industry	0.825	0.322	0.324	0.225
15.	Construction	0.672	1.068	0.613	0.225
16.	Trade	1.040	-	-	0.100
17.	Hotel	3.410	3.241	0.450	1.610
18.	Transportation	0.736	-	0.556	0.112
19.	Communication	-	-	2.800	-
20.	Trade services	1.507	2.074	0.663	1.118
21.	Sanitary services	-	-	-	-
22.	Social services	-	170	-	0.237
23.	Recreational services	0.935	1.557	0.616	-

Source : Bank Indonesia Report, 1976

Table A.41
Approved Foreign Investment
by Province

(in millions of US \$)

Province	1967-1976	1977	1978	1979	1980	1981	1982	Investment	
								Value	Project
1. DKI Jakarta	900.3	103.6	91.9	209.8	103.6	205.2	894.1	2,508.5	287
2. West Java	1,197.4	164.5	125.3	117.7	226.0	269.7	487.4	2,588.0	163
3. Central Java	191.2	12.8	4.8	5.8	20.1	--	16.7	251.4	23
4. D.I. Yogyakarta	1.6	--	--	--	6.6	--	--	8.2	3
5. East Java	257.8	26.9	28.3	40.9	39.6	97.5	15.6	506.6	70
Java and Madura	2,548.3	307.8	250.3	374.2	395.9	572.4	1,413.8	5,862.7	546
6. D.I. Aceh	3.6	--	6.0	316.0	6.2	110.5	--	442.3	7
7. North Sumatra	953.4	2.1	1.3	851.0	40.7	25.7	9.9	1,884.1	41
8. West Sumatra	2.0	17.0	6.2	--	14.2	16.0	7.1	62.5	4
9. Riau	56.5	20.3	19.1	0.5	56.8	68.9	24.1	246.2	23
10. Jambi	5.0	0.5	--	--	6.5	8.0	--	20.0	4
11. South Sumatra	52.2	2.3	3.1	2.5	8.1	10.9	3.4	82.5	14
12. Bengkulu	--	--	--	--	--	--	--	--	--
13. Lampung	71.3	1.1	2.0	0.5	2.0	8.3	--	85.2	8
Sumatra	1,144.0	43.3	37.7	1,170.5	134.5	248.3	44.5	2,822.8	101
14. West Kalimantan	8.5	6.4	--	0.2	--	--	1.0	16.1	8
15. Central Kalimantan	22.6	12.9	15.9	12.8	5.6	10.6	26.4	106.8	15
16. South Kalimantan	10.1	3.7	--	--	--	49.0	6.0	68.8	10
17. East Kalimantan	80.4	4.8	13.3	26.1	7.4	60.0	2.2	194.2	16
Kalimantan	121.6	27.8	29.2	39.1	13.0	119.6	35.6	385.9	49
18. North Sulawesi	76.3	--	--	--	1.4	--	--	77.7	3
19. Central Sulawesi	16.5	--	2.6	--	--	52.8	--	71.9	6
20. South Sulawesi	11.0	--	3.3	1.1	--	2.7	0.3	18.4	6
21. Southeast Sulawesi	--	15.0	4.2	10.5	--	--	--	29.7	3
Sulawesi	103.8	15.0	10.1	11.6	1.4	55.5	0.3	197.7	18
22. Bali	23.2	4.8	2.4	--	--	--	17.0	47.4	5
23. West Nusa Tenggara	--	--	--	--	--	--	--	--	--
24. East Nusa Tenggara	0.8	3.1	--	--	--	--	17.9	21.2	2
25. East Timor	--	--	--	--	--	--	--	--	--
26. Maluku	5.4	1.4	6.1	23.9	--	--	--	36.8	6
27. Irian Jaya	270.8	1.3	6.8	8.8	2.4	44.5	34.7	369.3	18
28. Miscellaneous	848.1	204.1	55.2	199.0	328.3	131.0	355.8	2,121.5	49
Total	5,066.0	608.6	397.8	1,827.1	875.5	1,171.3	1,919.6	11,865.9	794

Source: Bank Indonesia, Report for the Financial Year 1982/1983

1) Through September 1982.

Table A.42

Cumulative Approved Foreign Investment (1967 - 1982)by Province in Ranking Order of Investment

(in millions of U.S. \$)

No.	Location	No. of Project	Investment	%	Average per project
1.	West Java	163	2,588.0	21.8	15.87
2.	Jakarta	287	2,508.5	21.1	8.74
3.	North Sumatra	41	1,884.1	15.9	45.95
4.	East Java	70	506.6	4.3	7.24
5.	Aceh	7	442.3	3.7	63.19
6.	Irian Jaya	18	369.3	3.1	20.52
7.	Central Java	23	251.4	2.1	10.93
8.	Riau	23	246.2	2.1	10.70
9.	East Kalimantan	16	194.2	1.6	12.14
10.	Central Kalimantan	15	106.8	0.9	7.12
11.	Lampung	8	85.2	0.7	10.65
12.	South Sumatra	14	82.5	0.7	5.89
13.	North Sulawesi	3	77.7	0.7	25.90
14.	Central Sulawesi	6	71.9	0.7	11.98
15.	South Kalimantan	10	68.8	0.6	6.88
16.	West Sumatra	4	62.5	0.5	15.63
17.	Bali	5	47.4	0.4	9.48
18.	Maluku	6	36.8	0.3	6.13
19.	Southeast Sulawesi	3	29.7	0.3	9.90
20.	East Nusa Tenggara	2	21.8	0.2	10.90
21.	Jambi	4	20.0	0.2	5.00
22.	South Sulawesi	6	18.4	0.2	3.07
23.	West Kalimantan	8	16.1	0.1	2.01
24.	Jogyakarta	3	8.2	0.1	2.73
25.	Miscellaneous	49	2,121.5	17.9	43.29
		794	11,865.9	100.0	14.94

Source : Calculated from Table A.41

Table A.43

Approved Domestic Capital investment
by Province (1968 - 1982)
(in millions Rupiah)

Province	1968-1978	1979	1980	1981	1982	Total	
						Value	Project
1. DKI Jakarta	287,607	53,704	102,705	524,462	629,014	1,597,492	784
2. West Java	2,038,913	284,688	246,284	489,819	773,783	3,833,487	851
3. Central Java	196,287	40,485	35,752	75,416	160,055	507,995	325
4. D.I. Yogyakarta	28,707	385	3,196	13,266	7,958	53,512	49
5. East Java	454,892	53,363	62,278	263,602	611,420	1,445,555	463
Java and Madura	3,006,406	432,625	450,215	1,366,565	2,182,230	7,438,041	2,472
6. D.I. Aceh	16,653	12,900	1,561	46,118	16,768	94,000	41
7. North Sumatra	210,013	31,967	83,722	34,106	109,817	469,625	202
8. West Sumatra	24,049	404	51,732	8,051	188,357	272,593	59
9. Riau	46,547	37,483	50,873	108,982	20,214	264,099	85
10. Jambi	23,827	13,897	18,141	3,893	23,821	83,579	51
11. South Sumatra	242,678	11,231	15,214	16,373	476,043	761,539	70
12. Bengkulu	9,419	1,344	3,723	242	8,879	23,123	12
13. Lampung	37,961	6,261	14,311	13,466	70,538	142,537	63
Sumatra	611,147	115,487	239,277	230,747	914,437	2,111,095	583
14. West Kalimantan	33,737	25,385	58,318	9,171	133,903	260,514	102
15. Central Kalimantan	64,152	15,471	27,518	28,573	42,434	178,148	103
16. South Kalimantan	16,404	10,877	59,383	87,996	33,494	208,154	68
17. East Kalimantan	148,386	49,952	266,446	172,722	224,439	861,945	206
Kalimantan	262,679	101,685	411,665	298,462	434,270	1,508,761	479
18. North Sulawesi	36,978	938	1	3,321	4,972	46,208	29
19. Central Sulawesi	9,200	15,820	20,130	18,162	9,603	72,915	23
20. South Sulawesi	80,515	10,933	53,923	32,713	217,223	329,881	80
21. Southeast Sulawesi	37,559	--	1,157	7,580	3,489	49,785	9
Sulawesi	164,252	27,691	75,209	3,650	235,287	498,789	141
22. Bali	28,923	804	1,435	37,108	2,254	70,524	30
23. West Nusa Tenggara	44,798	--	125	666	6,012	51,351	7
24. East Nusa Tenggara	8,031	2,837	3,471	1,719	22,683	38,741	9
25. East Timor	--	--	--	--	--	--	--
26. Maluku	18,248	10,906	10,243	71,517	55,909	166,823	52
27. Irian Jaya	14,941	3,406	36,573	134,050	7,472	189,630	16
28. Others	--	--	275,601	--	--	275,601	8
Total	4,159,426	688,629	1,503,563	2,137,184	3,860,554	12,349,356	3,797

Source : Capital Investment Coordinating Board.

TABLE A.44Cumulative Approved Domestic Investment (1968 - 1982)by Province in Ranking Order

(in millions of Rupiahs)

No.	Province	Project	Investment	%
1.	West Java	851	3,833,487	31.0
2.	Jakarta	784	1,597,492	12.9
3.	East Java	463	1,445,555	11.7
4.	East Kalimantan	206	861,945	7.0
5.	South Sumatra	70	761,539	6.2
6.	Central Java	325	507,995	4.1
7.	North Sumatra	202	469,625	3.8
8.	South Sulawesi	80	329,881	2.7
9.	West Sumatra	59	272,593	2.2
10.	Riau	85	264,099	2.1
11.	West Kalimantan	102	260,514	2.1
12.	South Kalimantan	68	208,154	1.7
13.	Irian Jaya	16	189,630	1.5
14.	Central Kalimantan	103	178,148	1.4
15.	Ma Luku	52	166,823	1.3
16.	Lampung	63	142,537	1.2
17.	Aceh	41	94,000	0.8
18.	Jambi	51	83,579	0.7
19.	Central Sulawesi	23	72,915	0.6
20.	Bali	30	70,524	0.6
21.	Jogyakarta	49	53,512	0.4
22.	West Nusa Tenggara	7	51,351	0.4
23.	Southeast Sulawesi	9	49,785	0.4
24.	North Sulawesi	29	46,208	0.4
25.	East Nusa Tenggara	9	38,741	0.3
26.	Bengkulu	12	23,123	0.2
27.	Others	8	275,601	2.2
Total		3,797	12,349,356	100.0

Source : Calculated from Table A.43

TABLE A.45
APPROVED DOMESTIC INVESTMENT PROJECTS BY SECTOR 1)
 (millions of rupiah)

Sector	1968-1978	1979	1980	1981	1982	Total	
						Value	Project
Agriculture	283,056	36,410	126,942	165,142	511,452	1,123,002	203
Forestry	308,321	81,802	397,620	362,132	182,523	1,332,398	488
Mining	68,392	32,882	37,092	13,462	453,606	605,434	33
Manufacturing	3,037,105	502,343	861,462	1,469,529	2,513,980	8,384,419	2,692
Construction	15,804	2,060	1,531	15,076	16,222	50,693	14
Hotel and tourism	92,055	12,418	1,032	52,620	70,246	228,371	129
Housing and offices	90,369	3,778	23,961	- 12,489	70,860	176,479	30
Other services	264,324	16,936	53,923	71,712	41,665	448,560	208
Total	4,159,426	688,629	1,503,563	2,137,184	3,860,554	12,349,356	3,797

1) After taking into account the cancellations and shifting of projects from foreign to domestic investment.

Source : Investment Coordinating Board.

Table A.46

Approved Foreign Investment in East Java by Country of
Origin (1967 - March 1980)

(in thousand U.S.\$)

No.	Country	No. of Project	%	Investment	%
1.	Hongkong	13	16.0	86,775	22.3
2.	Japan	20	24.7	84,036	21.6
3.	U.S.A.	9	11.2	31,416	8.1
4.	South Korea	4	4.9	24,475	6.3
5.	Switzerland	2	2.5	17,540	4.5
6.	United Kingdom	4	4.9	10,231	2.6
7.	Belgium	2	2.5	8,836	2.3
8.	Netherlands	8	9.9	7,373	1.9
9.	Australia	2	2.5	2,830	0.7
10.	France	1	1.2	2,500	0.6
11.	Singapore	1	1.2	1,451	0.4
12.	West Germany	2	2.5	1,145	0.3
13.	Joint Countries	13	16.0	110,027	28.4
Total		81	100.0	388,635	100.0

Source : Report of Bank Indonesia (31 March 1980) - recalculated

Table A.47Approved Foreign Investment in East Java (1967 - March 1980)

(in thousand U.S. \$.)

Year	No. of Project	Investment
1967	2	4,656
1968	2	22,483
1969	7	9,888
1970	7	30,738
1971	5	10,840
1972	8	16,367
1973	8	17,920
1974	10	57,391
1975	14	59,522
1976	6	32,341
1977	8	26,480
1978	1	12,151
1979	2	28,410
1980	1	59,448
Total	81	388,635

Source : Report of East Java Regional InvestmentCoordinating Board (BKPM) - 1980

Table A.48

Approved Domestic Investment in East Java (1968 - March 1980)
in thousand U.S. \$ (equivalent)

Year	No. of Project	Investment
1968	1	465
1969	7	20,212
1970	6	513
1971	10	3,911
1972	20	11,180
1973	22	6,022
1974	30	63,505
1975	31	34,759
1976	28	134,358
1977	28	105,620
1978	29	87,338
1979	55	202,695
1980	22	44,942
Total	289	715,520

Source: Report of East Java Regional Investment
Coordinating Board (BKPMD) - 1980

Table A.49

Approved Foreign Investment in East Java by Industry Sector, Labour Absorption and Capital
Labour Ratio (1967 - March 1980)

No.	Industry Sector	No. of Project	Investment in Thousand \$	Labour absorbed		Total Labour	Capital - Labour Ratio in \$
				Domestic	Foreign		
1.	Agriculture	6	4,630	14,985	22	15,007	309 : 1
2.	Food	15	67,461	4,425	63	4,488	15,031 : 1
3.	Textile	9	126,922	6,922	134	7,056	17,988 : 1
4.	Wood	1	300	125	8	133	2,256 : 1
5.	Paper	3	15,750	3,788	34	3,822	4,121 : 1
6.	Chemical	18	62,562	4,693	77	4,770	13,116 : 1
7.	Non-metal	3	28,590	2,250	75	2,325	12,297 : 1
8.	Basic metal	6	40,370	4,327	131	4,458	9,056 : 1
9.	Metal product	15	29,275	4,912	109	5,021	5,831 : 1
10.	Other industries	2	6,775	617	14	631	10,737 : 1
11.	Construction	2	3,000	784	10	794	3,778 : 1
12.	Services	2	3,000	268	10	278	10,791 : 1
	Total	81	388,635	48,096	687	48,783	7,967 : 1

Source : Report of East Java Regional Investment Coordinating Board (BKPM) - 1980, and
Report of Bank Indonesia (31 March 1980)

Table A.50

Approved Foreign Investment by Industry Sector, Labour Absorption and Capital - Labour Ratio
(1967 - March 1980)

No.	Industry Sector	No. of Project	Investment in million \$	Labour absorbed		Total Labour	Capital - Labour Ratio (in \$)
				Domestic	Foreign		
1.	Agriculture	57	196.5	81,661	169	81,830	2,401 : 1
2.	Forestry	85	577.5	22,418	3,016	25,434	22,706 : 1
3.	Fishery	26	146.4	4,904	601	5,505	26,594 : 1
4.	Mining	15	1,501.6	646	38	684	2,195,332 : 1
5.	Food	63	273.7	30,128	537	30,665	8,925 : 1
6.	Textile	68	1,102.2	79,740	1,075	80,815	13,639 : 1
7.	Wood	22	133.6	10,074	171	10,245	13,040 : 1
8.	Paper	18	121.6	4,134	114	4,248	28,625 : 1
9.	Chemical	130	917.3	28,603	978	29,581	31,010 : 1
10.	Non metal	27	736.8	12,591	367	12,958	56,861 : 1
11.	Basic Metal	21	1,198.8	7,949	183	8,132	147,418 : 1
12.	Metal products	143	523.8	71,430	1,861	73,291	7,147 : 1
13.	Other industries	20	18.7	24,937	1,312	26,249	712 : 1
14.	Construction	65	90.9	25,447	1,632	27,079	272 : 1
15.	Services	92	740.8	14,836	659	15,495	47,809 : 1
	Total	852	8,202.2	419,498	12,713	432,211	18,977 : 1

Source : Report of Bank Indonesia (31 March 1980) and Report of Investment Coordinating Board (1980)

- recalculated.

Table A.51

Approved Domestic Investment in East Java by Industry Sector, Labour Absorption and Capital-Labour Ratio (1967 - March 1980) (in thousand U.S. \$ equivalent)

No.	Industry Sector	No. of Project	Investment	Labour absorbed		Total Labour	Capital-Labour Ratio (in \$)
				Domestic	Foreign		
1.	Agriculture	18	57,736	108,562	15	108,577	532 : 1
2.	Fishery	1	480	32	-	32	15,000 : 1
3.	Food	45	123,860	13,275	27	13,302	9,311 : 1
4.	Textile	22	80,435	12,080	11	12,091	6,652 : 1
5.	Wood	11	3,025	1,375	6	1,381	2,190 : 1
6.	Paper	10	42,500	12,620	22	12,642	3,362 : 1
7.	Chemical	30	125,432	12,687	72	12,789	9,831 : 1
8.	Non-metal	34	59,999	16,229	18	16,247	3,693 : 1
9.	Basic metal	10	48,975	14,270	14	14,284	3,429 : 1
10.	Metal products	27	22,695	8,842	8	8,850	2,564 : 1
11.	Other industries	55	79,538	25,968	27	25,995	3,060 : 1
12.	Construction	6	12,535	1,711	-	1,711	7,326 : 1
13.	Services	20	58,310	5,250	9	5,259	11,088 : 1
	Total	289	715,520	232,901	229	233,130	3,069 : 1

Source : Report of East Java Regional Investment Board (BKPMD) - 1980, recalculated

Table A.52

Approved Domestic Investment by Industry Sector (1967 - March 1980)
(in thousands U.S. \$ equivalent)

No.	Industry Sector	No. of Project	%	Investment	%	Average investment per Project
1.	Agriculture	138	4.1	534,944	7.8	3,876.4
2.	Forestry	405	11.9	636,701	9.3	128.6
3.	Fishery	29	0.9	52,072	0.8	21,955.2
4.	Mining	20	0.6	194,413	2.8	9,720.7
5.	Manufacturing	2,473	72.8	4,581,051	67.1	1,852.4
6.	Communication/ Recreation	254	7.5	450,501	6.6	1,773.6
7.	Construction	54	1.6	343,547	5.1	6,361.9
8.	Other	22	0.6	30,816	0.5	1,400.7
	Total	3,395	100.0	6,824,045	100.0	2,010.0

Source : Department of Finance, State Budget 1980/1981,
and Report of Investment Coordinating Board 1980

APPENDIX B1

KWESIONER UNTUK PENELITIAN
tentang
KEBIJAKSANAAN DALAM PENGEMBANGAN
SUMBER DAYA MANUSIA

SEMUA JAWABAN DIPERLAKUKAN SECARA KONFIDENSIAL

Fakultas Ekonomi
Universitas Airlangga
Jl. Airlangga 4
Surabaya

Dept. of Business Studies
Edinburgh University
50 George Square
Edinburgh, U.K.

KUESIONER UNTUK KARYAWAN/BURUH

ISILAH ATAU LINGKARILAH ANGKA-ANGKA YANG SESUAI !

CARD I

Code Column

Nomor Responden

Nama Perusahaan :

Card No.

(C.L.)

Status perusahaan: P. M. A.

Persh. domestik/PMDN

1

2

1 - 5

4 - 5

6 - 7

8 - 9

A. GENERAL

1. U m u r Responden : tahun

10-12

2. Status pribadi : tak kawin kawin cerai/duda
1 2 3

13-14

3. Anda tergolong dalam suku apa? Jawab: _____ (C.L.)

15-16

4. Ijazah tertinggi apakah yang Anda miliki ?

a. ijazah universitas 1

b. ijazah sarjana muda/akademi 2

c. ijazah SLTA, SMEA, dll. 3

d. ijazah STM, dll. 4

e. ijazah SLTP, ST. 5

f. ijazah S.D. 6

g. Lain: _____ (C.L.)

h. Not Applicable 9

17-18

5. Pendidikan tertinggi apakah yang pernah anda ikuti ?

a. universitas (tak selesai) 1

b. sarjana muda/akademi (tak selesai) 2

c. S.L.T.A./S.M.E.A. (tak selesai) 3

d. S.T.M., dll.(tak selesai) 4

e. S.L.T.P., S.T. (tak selesai) 5

f. S.D. (tak selesai) 6

g. Lain: _____ (C.L.)

h. Not applicable 9

19-20

6. Selama berapa tahun (total) Anda bersekolah ? Total : tahun

21-23

7. Berapa-bah jumlah anak Anda ? orang. N.A.: 99

24-26

8. Berapa orang anak yang masih tergantung pada Anda ? N.A.: 99

27-29

9. Berapa orang (di luar Anda sendiri) yang masih menjadi tanggungan Anda ?

orang

N.A.: 99

30-32

C.L.=to be Coded Later.

10. Sebagai apakah status rumah yang Anda tempati sekarang ?

<u>milik sendiri</u>	<u>milik istri</u>	<u>milik orang tua</u>	<u>milik anak</u>
1	2	3	4
<u>milik perusahaan</u>	<u>s e w a</u>	<u>pondokan</u>	
5	6	7	

33-34

11. Berapa jauhkah tempat tinggal Anda dari tempat kerja ?

<u>0 - 5 km</u>	<u>6 - 10 km</u>	<u>11 - 25 km</u>	<u>26 - 50 km</u>
1	2	3	4
<u>51 - 75 km</u>	<u>76 - 100km</u>	<u>lebih dari 100 km</u>	
5	6	7	

35-36

12. Dengan transportasi apakah Anda pergi ke dan pulang dari perusahaan ?

a. dengan kendaraan umum (becak, bemo, bus, colt)	1
b. dengan sepeda sendiri	2
c. dengan sepeda kumbang sendiri	3
d. dengan mobil sendiri	4
e. dengan kendaraan kantor (sedan)	5
f. dengan kendaraan kantor lainnya (bus, dll.)	6
g. dengan jalan kaki	7

37-38

B. RECRUITING

13. Bagaimana Anda dapat mengetahui adanya lowongan pekerjaan di perusahaan ini ketika pertama kali Anda akan melamar ?

a. dari iklan	1
b. dari badan penyalur tenaga kerja	2
c. dari kenalan/pamili (rekomen-dasi)	3
d. dari kantor penempatan tenaga kerja Dep. Tenaga Kerja	4
e. dari papan pengumuman perusahaan	5
f. dari pengumuman Serekat Buruh	6
g. dengan menunggu sebagai karyawan/buruh harian lepas	7
h. dengan mengajukan lamaran secara untung-untungan	8

39-40

14. Apakah anda di-"sponsori" seseorang yang membantu anda untuk memperoleh pekerjaan Anda sekarang ?

<u>Ya</u>	<u>Tidak</u>
1	2

41-42

Kalau 'TIDAK', harap langsung ke pertanyaan no.16 !

15. Kalau 'YA' pada pertanyaan no. 14, siapakah dari daftar di bawah ini yang menjadi "sponsor" Anda ?

a. seorang teman/kerabat yang memiliki jabatan menengah/tinggi dalam perusahaan ini	1
b. seorang penting dari luar perusahaan memberi surat rekomendasi	2
c. seorang anggota pengurus Serekat Buruh	3
d. Ketua Serekat Buruh	4
e. seorang teman/kerabat yang menjadi supervisor/mandur	5
f. Not applicable	9

43-44

16. Bagaimana cara Anda dipilih/diterima pada perusahaan ini ?
- | | | |
|------------------------------------|---|-------|
| a. hanya melalui wawancara pribadi | 1 | |
| b. hanya melalui test ketrampilan | 2 | |
| c. hanya melalui psiko - test | 3 | |
| d. melalui a + b | 4 | |
| e. melalui a + c | 5 | 45-46 |
| f. melalui b + c | 6 | |
| g. melalui a + b + c | 7 | |
| h. tanpa melalui hal-hal di atas | 8 | |
17. Sudah berapa lamakah Anda bekerja pada perusahaan ini ?
(Bulatkan sampai tahun penuh). Jawab: tahun 47-49
18. Tingkat posisi apakah yang Anda miliki sekarang dalam perusahaan ini?
- | | | |
|------------------------------------------|---|-------|
| a. pimpinan puncak (top management) | 1 | |
| b. pimpinan menengah (middle management) | 2 | |
| c. karyawan administrasi | 3 | 50-51 |
| d. supervisor/mandur | 4 | |
| e. buruh bulanan tetap | 5 | |
| f. buruh harian tetap | 6 | |
| g. buruh harian lepas | 7 | |
19. Sudah berapa tahun Anda memegang tingkat posisi yang sekarang ?
Sudah tahun 52-54
20. Kapanakah Anda mengharapkan kenaikan tingkat posisi Anda ?
Jawab : tahun lagi. 55-57
Tidak tahu : 99
21. Apakah jabatan/tugas khusus Anda dalam perusahaan ini ?
Sebutkan : _____ (C.L.) 58-59
22. Puas atau tidak puaskah Anda dengan jabatan/tugas khusus Anda sekarang ?
- | | | | | | |
|-------------------|------------------|----------------|--------------------|-------------------|-------|
| <u>tidak puas</u> | <u>agak puas</u> | <u>p u a s</u> | <u>sangat puas</u> | <u>tidak tahu</u> | |
| 1 | 2 | 3 | 4 | 5 | 60-61 |
- Kalau 'tidak puas', sebutkan mengapa ? N.A. 9
_____ (C.L.) 62-63
23. Apakah Anda pernah memegang jabatan/tugas khusus lain, sebelum jabatan/tugas khusus yang sekarang ini ?
- | | | | | |
|----|---|-------|---|--|
| Ya | 1 | Tidak | 2 | |
|----|---|-------|---|--|
- Kalau 'TIDAK', harap langsung ke pertanyaan no. 24 !
Kalau 'YA', harap disebutkan jabatan(2)/tugas(2) khusus lain tsb.!
- | | | |
|----|--------------------------|-------|
| 1. | _____ (C.L.) | |
| 2. | _____ (C.L.) | |
| 3. | _____ (C.L.) | 66-67 |
| 4. | Not applicable | 9 |

24. Secara umum, puas atau tidak puaskah Anda bekerja pada perusahaan ini ?
- | | | | | | |
|-------------------|------------------|----------------|--------------------|-------------------|-------|
| <u>tidak puas</u> | <u>agak puas</u> | <u>p u a s</u> | <u>sangat puas</u> | <u>tidak tahu</u> | |
| 1 | 2 | 3 | 4 | 5 | 68-69 |
25. Andaikata Anda ditawari pekerjaan di kota/daerah ini yang sesuai dengan pilihan Anda, bersediaah Anda meninggalkan pekerjaan Anda yang sekarang ini ?
- Ya 1 Tidak 2
- Mengapa ? _____ (C.L.)
26. Menurut kenyataan yang telah Anda alami, mana dari faktor-faktor di bawah ini yang paling memuaskan Anda dalam perusahaan ini ?
- | | | |
|--------------------------------------------------|---|-------|
| a. tingkat gaji/upah | 1 | |
| b. sistem kenaikan pangkat | 2 | |
| c. tingkat/besarnya tunjangan2 | 3 | |
| d. keadaan/keamanan kerja | 4 | |
| e. kelanggengan kerja | 5 | |
| f. hubungan baik sesama karyawan/buruh | 6 | |
| g. hubungan baik dengan atasan | 7 | |
| h. Tidak tahu | 8 | 74-75 |
27. Menurut kenyataan yang telah Anda alami, mana dari faktor-faktor di bawah ini yang paling tidak memuaskan Anda dalam perusahaan ini ?
- | | | |
|---------------------------------------------|---|-------|
| a. tingkat gaji/upah | 1 | |
| b. sistem kenaikan pangkat | 2 | |
| c. tingkat/besarnya tunjangan2 | 3 | |
| d. keadaan/keamanan kerja | 4 | |
| e. kelanggengan kerja | 5 | |
| f. hubungan sesama karyawan/buruh | 6 | |
| g. hubungan dengan atasan | 7 | |
| h. Tidak tahu | 8 | 76-77 |
- 27b. Nilailah faktor2 kerja di bawah ini sesuai dengan urutan kepentingannya untuk anda dengan memberi angka satu untuk yang paling tidak penting bagi anda s/d angka sepuluh untuk yang terpenting.
- | | | |
|-------------------------------------------------|-----|-------|
| a. gaji/upah | () | |
| b. tunjangan-tunjangan | () | |
| c. keadaan/sifat pekerjaan | () | |
| d. kesempatan untuk maju | () | |
| e. pekerjaan yang cocok | () | |
| f. jam (lamanya) waktu kerja | () | |
| g. hubungan baik dengan rekan sekerja | () | |
| h. pujian/penghargaan dari atasan | () | |
| i. kelanggengan kerja | () | |
| j. kesempatan mendapatkan pengalaman | () | 78-79 |

C. JOB HISTORY

28. Apakah pekerjaan Anda yang sekarang ini merupakan pekerjaan pertama dalam hidup Anda ? Ya 1 Tidak 2 10-11
- Kalau 'TIDAK', harap langsung ke pertanyaan no. 30 !
29. Kalau 'YA' pada pertanyaan 28, apa yang Anda lakukan sebelum memegang pekerjaan yang sekarang ?
- a. masih sekolah 1
- b. menganggur 2
- c. bertani 3
- d. Lain: _____ (C.L.)
- e. Not applicable 9 12-13
30. Secara keseluruhan, sudah berapa tahunkah Anda bekerja dengan mendapat gaji/upah ? Jawab: Seluruhnya tahun. 14-16
31. Sudah berapa kali Anda berganti/berpindah pekerjaan ? Jawab: Sudah kali. 17-19
32. Apakah alasan utama yang membuat Anda meninggalkan pekerjaan Anda yang terdahulu ?
- a. tidak puas dengan tingkat gaji/upah 1
- b. tidak puas dengan keadaan/keamanan kerja 2
- c. tidak cocok dengan atasan 3
- d. perusahaan berhenti/ditutup 4
- e. pensiun 5
- f. di - PHK-kan 6
- g. kesempatan maju tidak ada 7
- h. merasa tidak mendapat penghargaan diri 8
- i. Not applicable 9 20-21
33. Kalau Anda di-PHK-kan dari pekerjaan Anda yang terdahulu, sebutkan penyebab utamanya !
- a. penyebab utama: _____ (C.L.)
- b. Tidak tahu 8
- c. Not applicable 9 22-23
34. Bagaimanakah PHK dikenakan pada Anda ?
- a. dilakukan secara sepihak oleh majikan 1
- b. keputusan diambil oleh majikan bersama Serekat Buruh 2
- c. keputusan diambil oleh majikan bersama Serekat Buruh dan Panitia Penyelesaian Perselisihan Perburuhan 3
- d. Lain: _____ (C.L.)
- e. Not applicable 9 24-25
35. Kalau Anda pernah menganggur, mohon disebutkan seluruhnya untuk berapa tahun dan berapa kali menganggur ?
- a. menganggur seluruhnya untuk tahun. 26-28
- b. menganggur selama kali. 29-31

36. Kalau Anda pernah menangkur pada waktu yang lalu, apa yang Anda lakukan selama itu dan siapa yang menyokong penghidupan Anda ?

a. saya melakukan: _____ (C.L.)

Not applicable 9

b. 1. saya disokong oleh orang tua saya 1

2. saya disokong oleh istri saya 2

3. saya disokong oleh famili/kerabat saya 3

4. saya disokong anak(2) saya 4

5. saya disokong oleh teman(2) saya 5

6. Lain: _____ (C.L.)

7. Not applicable 9

37. Bagaimanakah perbandingan keadaan perusahaan ini dengan perusahaan tempat Anda bekerja sebelumnya, dalam hal-hal di bawah ini ?

	Lebih buruk	Sama	Lebih baik	Tidak tahu	N.A.
a. tingkat gaji/upah	1	2	3	4	9
b. tingkat tunjangan	1	2	3	4	9
c. keadaan/keamanan kerja	1	2	3	4	9
d. kesempatan promosi	1	2	3	4	9
e. kesempatan mendapat training	1	2	3	4	9
f. keadaan perusahaan	1	2	3	4	9
g. Serekat Buruh	1	2	3	4	9

38. a. Pernahkah Anda bekerja pada perusahaan asing/PMA sebelum Anda bekerja pada perusahaan ini ?

Pernah 1 Tidak pernah 2

b. Kalau 'PERNAH', mohon disebutkan :

Nama Perusahaan asing/PMA itu: _____ (C.L.)

N.A. : 9

Lokasi/alamat perusahaan: _____ (C.L.)

N.A. : 9

Negara asal : _____ (C.L.)

N.A. : 9

Kalau 'TIDAK', harap langsung ke pertanyaan 45 !

39. Tingkat posisi apakah yang Anda miliki ketika bekerja pada perusahaan asing tersebut ?

a. pimpinan puncak 1

b. pimpinan menengah 2

c. karyawan administrasi 3

d. supervisor/mandur 4

e. buruh bulanan tetap 5

f. buruh harian tetap 6

g. buruh harian lepas 7

h. Not applicable 9

40. Sepanjang yang Anda ketahui, kedudukan tertinggi apakah yang boleh dijabat oleh karyawan bangsa Indonesia di perusahaan asing itu ?

- | | |
|--------------------------|---|
| a. pimpinan puncak | 1 |
| b. pimpinan menengah | 2 |
| c. karyawan administrasi | 3 |
| d. tidak tahu | 8 |
| e. not applicable | 9 |

60-61

41. Sebutkan alasan yang utama mengapa Anda meninggalkan perusahaan asing tersebut ?

- | | |
|-----------------------------------------------|---|
| a. tidak puas dengan tingkat gaji/upah | 1 |
| b. tidak puas dengan kondisi/keamanan kerja | 2 |
| c. tidak setuju dengan praktek2 diskriminasi | 3 |
| d. tidak cocok dengan atasan bangsa asing | 4 |
| e. tidak cocok dengan atasan bangsa Indonesia | 5 |
| f. Lain: _____ (C.L.) | |
| g. Not applicable | 9 |

62-63

42. ^{anda} a. Pernahkah melihat/mendengar/mengalami terjadinya perlakuan tidak wajar dari pimpinan/atasan asing terhadap karyawan/buruh Indonesia di perusahaan asing itu ?

<u>Ya</u>	<u>Tidak</u>	<u>N.A.</u>
1	2	9

64-65

b. Kalau 'YA', dalam bentuk/cara bagaimana ?

_____ (C.L.) Not applicable : 9

66-67

c. Apa kira-kira penyebabnya ?

_____ (C.L.) Not applicable : 9

68-69

43. a. Pernahkah Anda melihat/merasakan adanya hubungan yang kurang bersahabat antara karyawan asing dengan karyawan/buruh Indonesia ?

<u>Ya</u>	<u>Tidak</u>	<u>N.A.</u>
1	2	9

70-71

b. Kalau 'YA', apa kira2 penyebabnya ?

_____ (C.L.) Not applicable : 9

72-73

44. Pernahkah Anda mendengar isue-isue yang tidak memuaskan karena adanya perbedaan tingkat gaji yang dianggap berlebihan antara karyawan asing dan karyawan Indonesia di perusahaan asing itu ?

<u>Ya</u>	<u>Tidak</u>	<u>N.A.</u>
1	2	9

74-75

To CARD THREE

D. WAGE/SALARY, FRINGE-BENEFITS, FACILITIES

45. Berapakah besarnya gaji/upah yang Anda terima tiap bulan, termasuk oembayaran in natura ? (Bulatkan ke atas dalam ribuan rupiah penuh!)

Jawab : Rp. 000,—/bulan

10-14

46. Berapa banyak Anda membayar uang sekolah untuk anak(2) Anda setiap bulannya ?

Jawab : Rp. 000,—/bulan

15-18

47. Berapakah yang Anda kirimkan kepada keluarga/kerabat di dusun atau di kota lain setiap bulannya ?

Jawab : Rp. 000,—/bulan

19-23

48. Selain gaji/upah, apakah Anda mempunyai hak untuk menerima tunjangan² yang di bawah ini ?

	<u>Y a</u>	<u>Tidak</u>	
a. tunjangan keluarga	1	2	24-25
b. tunjangan kemahalan	1	2	26-27
c. tunjangan transport	1	2	28-29
d. tunjangan hari raya (THR)	1	2	30-31
e. tunjangan perumahan	1	2	32-33
f. tunjangan kelahiran	1	2	34-35
g. tunjangan kematian	1	2	36-37
h. tunjangan pengobatan/perawatan	1	2	38-39
i. tunjangan pensiun	1	2	40-41
j. tunjangan asuransi sosial	1	2	42-43
k. tunjangan jabatan	1	2	44-45

49. Apakah fasilitas² fisik seperti di bawah ini disediakan oleh perusahaan untuk Anda ?

	<u>Y a</u>	<u>Tidak</u>	
a. perumahan/asrama/barak	1	2	46-47
b. gedung pertemuan	1	2	48-49
c. pengangkutan dari dan ke tempat kerja	1	2	50-51
d. unit perawatan medis/poliklinik	1	2	52-53
e. makan (siang) cuma-cuma	1	2	54-55

50. Apakah Anda mempunyai sumber penghasilan lain ?

Ya 1 Tidak 2

56-57

Kalau 'YA', dari jenis pekerjaan apa ?

Sebutkan : _____ (C.I.)

58-59

N.A. : 9

Berapa penghasilan tersebut tiap bulannya ?

Jawab : 000,—/bln.

60-64

51. Apakah istri Anda bekerja ? Ya 1 Tidak 2 F.A. 9 65-66
Kalau 'YA', jenis pekerjaan apa ?
Sebutkan : _____ (C.I.) N.A.: 9 67-68
Berapakah penghasilannya tiap bulan ?
Jawab : Rp 000,--/bln. 69-73

52. Apakah Anda menerima bonus ('Gratifikasi') tahunan ?
 $\frac{\text{Ya}}{1}$ $\frac{\text{Tidak}}{2}$ 74-75
Kalau 'YA', berapa jumlahnya (diukur dari gaji/upah bulanan Anda)
Sama dengan bulan gaji/upah. 76-77

52a. Apakah anda merasa tidak puas karena dibedakan dalam hal pengajian dengan rekan sekerja yang mengerjakan pekerjaan serupa tetapi lebih lama bekerja di perusahaan ini ?
Ya 1 Tidak 2 Tak tahu 9 78-79

TO CARD FOUR

CARD IV

E. TRAINING/EDUCATION

53.	Selama Anda bekerja di perusahaan ini, pernahkah Anda mengikuti latihan(training)/kursus/pendidikan yang dibiayai oleh perusahaan? Kalau pernah, selama berapa hari ?					
a.	job training dalam perusahaan.....	Ya	1	Tidak	2	10-11
	Kalau 'YA', kira2 selama <input type="text"/> <input type="text"/> <input type="text"/> hari.					12-16
b.	training di luar tetapi masih dalam Group perusahaan	Ya	1	Tidak	2	17-18
	Kalau 'YA', kira2 selama <input type="text"/> <input type="text"/> <input type="text"/> hari.					19-23
c.	training di Pusat Latihan Departemen Perindustrian	Ya	1	Tidak	2	24-25
	Kalau 'YA', kira2 selama <input type="text"/> <input type="text"/> <input type="text"/> hari.					26-30
d.	training di Pusat Latihan Departemen Tenaga Kerja	Ya	1	Tidak	2	31-32
	Kalau 'YA', kira2 selama <input type="text"/> <input type="text"/> <input type="text"/> hari.					33-37
e.	kursus di Pusat Management UNAIR.	Ya	1	Tidak	2	38-39
	Kalau 'YA', kira2 selama <input type="text"/> <input type="text"/> hari.					40-43
f.	kursus di Lembaga Management Jawa Timur	Ya	1	Tidak	2	44-45
	Kalau 'YA', kira2 selama <input type="text"/> <input type="text"/> hari.					46-49

53. g. kursus di Lembaga lain di Indonesia Ya 1 Tidak 2
 Kalau 'YA', kira2 selama hari. N.A. : 999 50-51
 52-55
 h. training/pendidikan di luar negeri Ya 1 Tidak 2 56-57
 Kalau 'YA', kira2 selama hari. N.A. : 9999 58-62
54. Bagaimanakah manfaat training/kursus/pendidikan yang Anda ikuti itu terhadap pekerjaan Anda ?
- | | | | | |
|--------------------|---------------------|----------------|-----------------------|-------|
| <u>tak berguna</u> | <u>agak berguna</u> | <u>berguna</u> | <u>sangat berguna</u> | |
| 1 | 2 | 3 | 4 | |
| <u>tidak tahu</u> | <u>N.A.</u> | | | |
| 5 | 9 | | | 63-64 |
55. Apakah Anda menerima gaji/upah penuh selama mengikuti training/pendidikan ?
 Ya 1 Tidak 2 N.A. : 9 65-66
56. Apakah training/kursus/pendidikan yang Anda ikuti dapat membantu mempercepat kenaikan gaji dan atau kenaikan pangkat Anda ?
 Ya 1 Tidak 2 Tak tahu 3 N.A. 9 67-68
- F. LABOUR UNION**
57. Apakah SBLP atau organisasi buruh lainnya sudah terbentuk di perusahaan ini ?
 Sudah 1 Belum 2 69-70
 Kalau 'BELUM', harap langsung ke pertanyaan no. 69 !
58. Apakah Anda menjadi anggota Serekat Buruh di perusahaan ini ?
 Ya 1 Tidak 2 N.A. : 9 71-72
59. Apakah kenggotaan dalam Serekat Buruh merupakan suatu keharusan yang diwajibkan ?
 Ya 1 Tidak 2 N.A. : 9 73-74
60. Siapakah yang menjadi ketua Serekat Buruh di perusahaan ini ?
- | | | |
|---------------------------------------------------------------|---|-------|
| a. seorang karyawan/buruh yang dipilih oleh rapat anggota | 1 | |
| b. seorang karyawan/buruh yang ditunjuk oleh majikan | 2 | |
| c. seorang karyawan/buruh yang ditunjuk oleh FBSI | 3 | |
| d. seorang dari luar perusahaan yang ditunjuk oleh Pemerintah | 4 | 75-76 |
| e. tidak tahu | 5 | |
| f. Not applicable | 9 | |

To CARD FIVE

61. Puaskah Anda dengan cara pemilihan/penunjukan ketua serekat buruh di perusahaan ini ?

<u>p u a s</u>	<u>tidak puas</u>	<u>tidak tahu</u>	<u>N.A.</u>
1	2	3	9

10-12

Kalau 'TIDAK PUAS', mengapa ?

_____ (C.L.)

N.A. : 9

13-14

62. Apakah perusahaan menentukan syarat2 bagi calon ketua serekat buruh ?

Ya 1 Tidak 2 N.A. : 9

15-16

63. Setujukah Anda dengan komposisi keanggotaan pengurus serekat buruh di perusahaan ini ?

<u>setuju</u>	<u>tidak setuju</u>	<u>tidak tahu</u>	<u>N.A.</u>
1	2	3	9

17-18

Kalau 'TIDAK SETUJU', mengapa ?

_____ (C.L.)

N.A. : 9

19-20

64. Dari hal-hal di bawah ini, manakah yang merupakan hasil paling penting dari perjuangan serekat buruh Anda ?

- | | |
|------------------------------------------------------------------|---|
| a. kenaikan gaji/upah | 1 |
| b. kenaikan tunjangan-tunjangan | 2 |
| c. percepatan proses dari buruh harian lepas menjadi buruh tetap | 3 |
| d. perbaikan kondisi/keamanan kerja | 4 |
| e. tidak tahu | 5 |
| f. Not applicable | 9 |

21-22

65. Puaskah Anda dengan cara serekat buruh Anda menangani perselisihan perburuhan ?

<u>tidak puas</u>	<u>agak puas</u>	<u>p u a s</u>	<u>sangat puas</u>	<u>tidak tahu</u>	<u>N.A.</u>
1	2	3	4	5	9

23-24

Kalau 'TIDAK PUAS', sebutkan mengapa?

_____ (C.L.)

N.A. : 9

25-26

66. Seberapa baikkah pengurus serekat buruh Anda telah berbuat untuk menyampaikan berita tentang aktivitas2-nya kepada para anggotanya ?

- | | |
|----------------------|---|
| a. sangat tidak baik | 1 |
| b. tidak baik | 2 |
| c. b a i k | 3 |
| d. sangat baik | 4 |
| e. tidak tahu | 5 |
| f. Not applicable | 9 |

27-28

67. Selama tahun yang lalu, berapa kali Serekat Buruh di perusahaan ini mengadakan rapat anggota ?

Jawab : kali. N.A. : 99

29-31

Tak tahu 90

68. Selama tahun yang lalu, seingat Anda kira2 Anda menghadiri berapa persen dari rapat2 anggota Serekat Buruh ?
- | | | |
|--------------------|---|-------|
| a. tidak pernah | 1 | |
| b. kurang dari 50% | 2 | |
| c. lebih dari 50% | 3 | 32-33 |
| d. s e m u a | 4 | |
| e. Not applicable | 9 | |
69. Menurut penilaian Anda, apakah idee Hubungan Perburuhan Pancasila (HPP) bermanfaat dalam membantu penyelesaian perselisihan perburuhan pada umumnya ?
- | | | | | | | |
|----|---|-------|---|------------|---|-------|
| Ya | 1 | Tidak | 2 | Tidak tahu | 3 | 34-35 |
|----|---|-------|---|------------|---|-------|
- Kalau 'YA' atau 'TIDAK', sebutkan mengapa ?
-
- (C.L.) N.A. : 9 36-37
70. Menurut penilaian Anda, apakah peranan Panitia Penyelesaian Perselisihan Perburuhan (P4D) cukup efektif dalam membantu penyelesaian perselisihan perburuhan ?
- | | | | | | | |
|----|---|-------|---|------------|---|-------|
| Ya | 1 | Tidak | 2 | Tidak tahu | 3 | 38-39 |
|----|---|-------|---|------------|---|-------|
- Kalau 'YA' atau 'TIDAK', sebutkan mengapa ?
-
- (C.L.) N.A. : 9 40-41
71. Menurut penilaian Anda, apakah peranan FBSI dalam memperjuangkan buruh/karyawan telah memuaskan anggotanya ?
- | | | |
|---------------------|---|-------|
| a. tidak memuaskan | 1 | |
| b. agak memuaskan | 2 | |
| c. memuaskan | 3 | 42-43 |
| d. sangat memuaskan | 4 | |
| e. tidak tahu | 5 | |
72. Bagaimana gaji/upah Anda ditentukan pada pertama kalinya ?
- | | | |
|-------------------------------------|--------|-------|
| a. melalui P.K.B. | 1 | |
| b. melalui tawar-menawar perorangan | 2 | 44-45 |
| c. sudah ditentukan oleh majikan | 3 | |
| d. Lain: | (C.L.) | |
73. Seingat Anda, pernahkah terjadi perselisihan perburuhan di perusahaan ini ?
- | | | | | | |
|----|---|-------|---|----------|-------|
| Ya | 1 | Tidak | 2 | N.A. : 9 | 46-47 |
|----|---|-------|---|----------|-------|
- Kalau 'YA', kasus apakah yang menjadi penyebab perselisihan itu ?
-
- (C.L.) Tidak tahu 8 N.A. : 9 48-49
74. Pernahkah terjadi "pemogokan buruh" di perusahaan ini selama lima tahun terakhir ?
- | | | | | | |
|----|---|-------|---|----------|-------|
| Ya | 1 | Tidak | 2 | N.A. : 9 | 50-51 |
|----|---|-------|---|----------|-------|
- Kalau 'YA', kasus apakah yang menjadi penyebab "pemogokan" itu ?
-
- (C.L.) Tidak tahu 8 N.A. : 9 52-53

75. Sepanjang ingatan Anda, pernahkah terjadi kecelakaan buruh di perusahaan ini selama tahun yg lalu dan tahun ini?

Ya 1 Tidak 2 Tak tahu 3 N.A. : 0

Kalau 'YA' (pernah) :

- a. berapa kali terjadi kecelakaan tahun lalu ?

Jawab : kali. N.A. : 99

- b. berapa kali terjadi kecelakaan tahun ini ?

Jawab : kali. N.A. : 99

- c. apakah penyebab kecelakaan yang paling sering ?

(C.L.)

Tidak tahu 8 N.A. : 9

- d. apakah yang telah dilakukan perusahaan untuk mencegah terjadinya kecelakaan ?

(C.L.)

Tidak tahu 8 N.A. : 9

76. Siapakah yang Anda anggap sebagai bapak pelindung dan tempat minta nasihat bagi Anda dalam perusahaan ini ?

a. atasan langsung saya 1

b. orang tertua di bagian saya 2

c. Kepala Bagian Personalia 3

d. Ketua Serikat Buruh 4

e. pimpinan perusahaan 5

f. tidak ada 6

g. Lain: _____ (C.L.)

G. RESIDENTIAL HISTORY, MOBILITY, URBANIZATION

77. Di mana Anda dilahirkan ?

(C.L.)

(DESA/KOTA, KABUPATEN, PROVINSI)

78. Sebutkan apakah pekerjaan utama Bapak Anda ?

(C.L.)

79. Pernahkah Anda memiliki pekerjaan seperti Bapak Anda ?

Pernah 1 Tidak pernah 2

80. Dalam setahun, berapa kali rata2 Anda mengunjungi tempat kelahiran Anda ?

Jawab : kali. N.A. : 999

- 80a. Apakah anda lahir di desa? Ya 1 Tidak 2

To CARD SIX

54-55

56-58

59-61

62-63

64-65

66-67

68-69

70-71

72-73

74-77

78-79

81. Untuk kepentingan utama apakah Anda mengunjungi tempat kelahiran Anda ?
- | | | |
|-------------------------------------------------------|--------|-------|
| a. kepentingan sosial (pernikahan, Lebaran, dll) | 1 | |
| b. kepentingan ekonomi (mengurusi tanah, milik, dll.) | 2 | |
| c. kepentingan sosial dan ekonomi (a + b) | 3 | 10-12 |
| d. Lain: _____ | (C.L.) | |
| e. Not applicable | 9 | |
82. Sejak Anda lahir pernahkah Anda berpindah dari satu desa/kota ke desa/kota yang lain ?
- Pernah 1 Tidak pernah 2
- Kalau 'PERNAH', berapa kali pindah tempat ?
- Jawab : kali.
83. Kalau Anda tinggal di desa sebelum pindah ke daerah ini (urbanisasi), manakah dari alasan2 di bawah ini yang paling mendorong Anda untuk pindah dari desa ke kota ?
- | | | |
|-------------------------------------------------------------------------------------|--------|-------|
| a. karena terjadi musibah alami di desa (banjir, gunung meletus, panen gagal, dsb.) | 1 | |
| b. karena saya tak mempunyai pekerjaan di desa | 2 | |
| c. karena saya jatuh palit di desa | 3 | |
| d. karena tinggal di kota lebih mempunyai masa depan | 4 | 18-19 |
| e. karena anak2 saya lebih mempunyai kesempatan untuk maju di kota | 5 | |
| f. Lain: _____ | (C.L.) | |
| g. Not applicable | 9 | |
84. Sekarang Anda sudah berada di daerah ini. Kecewa atau puaskah Anda pindah ke daerah ini ?
- | | | | | | |
|----------------------|---------------|--------------------|----------------|--------------------|-------|
| <u>sangat kecewa</u> | <u>kecewa</u> | <u>agak kecewa</u> | <u>p u a s</u> | <u>sangat puas</u> | |
| 1 | 2 | 3 | 4 | 5 | 20-21 |
| <u>Tidak tahu</u> | <u>N.A.</u> | | | | |
| 6 | 9 | | | | |
85. Apakah Anda mempunyai keinginan untuk pindah dari daerah ini pada waktu dekat ini ? Ya 1 Tidak 2 Tidak tahu 3
- Kalau 'YA', sebutkan mengapa ?
- _____ (C.L.)
- N.A. : 9
86. Anda menginginkan anak(2) Anda yang sudah dewasa untuk tinggal di daerah ini dekat pada Anda atautkah Anda menghendaki mereka pindah ke daerah lain ?
- | | | | | |
|------------------------------|--------------------|-------------------|-------------|-------|
| <u>tinggal di daerah ini</u> | <u>p i n d a h</u> | <u>Tidak tahu</u> | <u>N.A.</u> | |
| 1 | 2 | 3 | 9 | 26-27 |
- Sebutkan alasan Anda ! (Kalau jawab Anda 1 atau 2)
- _____ (C.L.)
- N.A. : 9

87. Apakah yang biasanya Anda lakukan pada waktu senggang atau pada akhir pekan ?
Sebutkan: _____ (C.L.) 30-31
88. Andaikata Anda keluar dari perusahaan ini, sukar atau mudahkan untuk mendapatkan pekerjaan baru dengan kondisi sama atau lebih baik ?
sangat mudah m u d a h s u k a r sangat sukar Tak tahu
1 2 3 4 5 32-33
89. Pertanyaan khusus untuk karyawan/buruh pada perusahaan asing(PMA)
S sepanjang yang Anda ketahui, kedudukan tertinggi apakah yang dapat dijabat oleh karyawan bangsa Indonesia ?
- a. pimpinan puncak 1
- b. pimpinan menengah 2 34-35
- c. karyawan administrasi 3
- d. tak tahu 4 N.A. 9
90. Pertanyaan khusus untuk karyawan/buruh pada perusahaan asing(FMA)
Pernahkah Anda melihat/mendengar/mengalami terjadinya perlakuan tidak wajar dari pimpinan/atasan asing terhadap karyawan/buruh bangsa Indonesia ?
Ya 1 Tidak 2 N.A. 9 36-37
Kalau 'YA', dalam bentuk/cara bagaimana ?
_____(C.L.)
N.A. : 9 38-39
Apa kira-kira penyebabnya ?
_____(C.L.)
N.A. : 9 40-41
91. Pernahkah Anda melihat/merasakan adanya hubungan yang kurang bersahabat antara karyawan/buruh Indonesia dan karyawan asing ?
Ya 1 Tidak 2 N.A. 9 42-43
Kalau 'YA', apa kira-kira penyebabnya ?
_____(C.L.)
N.A. : 9 44-45
92. Pernahkah Anda mendengar issue yang tidak memuaskan karena adanya perbedaan tingkat gaji yang dianggap berlebihan antara karyawan asing dan karyawan Indonesia ?
Ya 1 Tidak 2 N.A. 9 46-47
Kalau 'YA', apakah Anda juga merasakan terkena hal itu ?
Ya 1 Tidak 2 N.A. 9 48-49

ADAKAH KOMENTAR LAIN YANG INGIN ANDA SAMPAIKAN ?

TERIMA KASIH ATAS BANTUAN ANDA !

=====

(For Office Use Only)

Tanggal wawancara : _____

Yang mewawancarai : _____

Diperiksa oleh : _____

Tandatangan/Parap : _____

Surabaya, _____ 19____

=====

APPENDIX B2

**QUESTIONNAIRE FOR RESEARCH
ON
HUMAN RESOURCE DEVELOPMENT**

ALL ANSWERS WILL BE TREATED CONFIDENTIALLY

Fakultas Ekonomi
Universitas Airlangga
Jl. Airlangga 4
Surabaya

Dept. of Business Studies
Edinburgh University
50 George Square
Edinburgh, U.K.

QUESTIONNAIRE FOR EMPLOYEE/WORKER

FILL IN THE BLANKS, THE BOXES OR RING THE NUMBER PROPERLY !

	Code	Column
Respondent no : <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> Card No.		1-3
Name of Company : _____		4-5
Company status : <u>Foreign/Joint Venture(PMA)</u> <u>Domestic/PMDN</u> 1 2		6-7
		8-9
A. GENERAL		
1. Respondent's age : <input type="text"/> <input type="text"/> years.		10-12
2. Marital status : <u>single</u> <u>married</u> <u>widowed/divorced</u> 1 2 3		13-14
3. What ethnic group do you belong to ? Answer: _____ (C.L.)		15-16
4. What is the <u>highest certificate</u> that you have got ?		
a. university degree 1		
b. bachelor degree(SM/Akademi) 2		
c. senior high school (SLTA, SMEA, etc.) 3		
d. vocational high school (STM, etc.) 4		17-18
e. junior high school (SLTP) 5		
f. elementary school (SD) 6		
g. Other: _____ (C.L.)		
h. Not applicable 9		
5. What was the highest education that you have received ?		
a. university (unfinished) 1		
b. bachelor (unfinished) 2		
c. senior high school (unfinished) 3		
d. vocational high school (unfinished) 4		19-20
e. junior high school (unfinished) 5		
f. elementary school (unfinished) 6		
g. Other: _____ (C.L.)		
h. Not applicable 9		
6. How many years in total were you in education ? Total: <input type="text"/> <input type="text"/> yrs.		21-23
7. How many children do you have ? <input type="text"/> children N.A. 99		24-26

Note: C.L.=To be Coded Later.

8.	How many of your children are still dependent on you ?	<input type="checkbox"/> children	N.A. 99	27-29
9.	How many people outside yourself do you help support with your earnings ?	<input type="checkbox"/> persons	N.A. 99	30-32
10.	What is the status of the house you live in ?	<u>my own</u> <u>my wife's</u> <u>my parents'</u> <u>my son's/daughter's</u> 1 2 3 4 <u>company's</u> <u>rented</u> <u>boarding house</u> 1 2 3		33-34
11.	How far is your present place from the work site ?	<u>0 - 5 km</u> <u>6 - 10 km</u> <u>11 - 25 km</u> <u>26 - 50 km</u> 1 2 3 4 <u>51 - 75 km</u> <u>76 - 100 km</u> <u>more than 100 km</u> 5 6 7		35-36
12.	By what transportation do you go to the work site and back home ?	a. by public transportation (becak, bemo, bus, etc.) 1 b. by driving my own bicycle 2 c. by driving my own motor-cycle 3 d. by driving my own car 4 e. by company's car (sedan) 5 f. by company's bus/truck, etc. 6 g. by walking 7		37-38
B. RECRUITMENT				
13.	How did you come to know the vacancy of your present job ?	a. from the advertisement 1 b. from employment agency 2 c. from friends/relatives (recommendation) 3 d. from the Dept of Manpower, Placement Centre 4 e. from company's announcement board/circular 5 f. from labour union announcement/circular 6 g. by standing as a temporary 7 h. by applying for the job at random 8		39-40
14.	Did you have someone acted as your "sponsor" to help you to get the present job ?	Yes 1 No 2		41-42
	If 'NO', please proceed to question no.16 !			
15.	If 'YES' to question no.14, whom of the followings was your "sponsor" ?	a. a friend/relative who has been in the management 1 b. an important person outside the company gave recommendation 2 c. a member of the Board of Labour Union 3 d. the chairman of the Labour Union 4 e. a friend/relative who is a supervisor 5 f. Not applicable 9		43-44

16. How were you selected when you were applying for the job in this company ?
- | | | |
|-------------------------------------------|---|-------|
| a. after a personal interview <u>only</u> | 1 | |
| b. after an aptitude test <u>only</u> | 2 | |
| c. after a psychological test <u>only</u> | 3 | |
| d. after : a + b | 4 | 45-46 |
| e. after : a + c | 5 | |
| f. after : b + c | 6 | |
| g. after : a + b + c | 7 | |
| h. without any of the above | 8 | |
17. How long have you been working for this company ? (round up years to the highest whole number).
- Answer: years
- 47-49
18. What is your present position level in this company ?
- | | | |
|-----------------------------|---|-------|
| a. top management | 1 | |
| b. middle management | 2 | |
| c. administrative staff | 3 | |
| d. supervisor/foreman | 4 | 50-51 |
| e. monthly permanent worker | 5 | |
| g. daily fixed worker | 6 | |
| h. daily casual worker | 7 | |
19. How long ago were you appointed/promoted to your present position ?
- Answer : years ago
- 52-54
20. When do you expect your next promotion ?
- Answer : yrs. later. Don't know 99
- 55-57
21. What is your specific job/function in this company at present ?
- Specify: _____ (C.L.)
- 58-59
22. Are you satisfied or dissatisfied with your present specific job/function in this company ?
- | | | | | |
|---------------------|-------------------------|------------------|-----------------------|-------|
| <u>dissatisfied</u> | <u>fairly satisfied</u> | <u>satisfied</u> | <u>very satisfied</u> | |
| 1 | 2 | 3 | 4 | 60-61 |
| <u>don't know</u> | | | | |
| 5 | | | | |
- If 'DISSATISFIED', why ?
- F.A. 9
- Specify: _____ (C.L.)
- 62-63
23. Have you ever had other specific jobs/functions in this company ?
- Yes 1 No 2
- 64-65
- If 'NO', please proceed to question 24 !
- If YES', please specify other sp-cific jobs/functions !
- | | | |
|-------------------|-----------------|-------|
| a. _____ (C.L.) | c. _____ (C.I.) | |
| b. _____ (C.I.) | d. _____ (C.L.) | 66-67 |
| e. Not applicable | 9 | |

24. In general, are you satisfied or dissatisfied working for this company ?
- | | | | |
|---------------------|-------------------------|------------------|-----------------------|
| <u>dissatisfied</u> | <u>fairly satisfied</u> | <u>satisfied</u> | <u>very satisfied</u> |
| 1 | 2 | 3 | 4 |
| <u>don't know</u> | | | |
| 5 | | | |
- 68-69
25. In case you were offered a job of your choice in this area, would you quit your present job ?
- Yes 1 No 2
- Specify why ? _____ (C.L.)
- 70-71
26. According to what you have experienced, which of the followings is the most satisfying factor you have enjoyed in this company ?
- | | |
|----------------------------------------------------|---|
| a. wage/salary | 1 |
| b. promotion system | 2 |
| c. fringe-benefits | 3 |
| d. working condition | 4 |
| e. job security | 5 |
| f. friendly atmosphere among colleagues | 6 |
| g. friendly atmosphere with supervisors | 7 |
| h. don't know | 8 |
- 74-75
27. According to what you have experienced, which of the followings is the most dissatisfying factor you have had in this company ?
- | | |
|-------------------------------------------|---|
| a. wage/salary | 1 |
| b. promotion system | 2 |
| c. fringe-benefits | 3 |
| d. working condition | 4 |
| e. job security | 5 |
| f. unfriendly atmosphere among colleagues | 6 |
| g. unfriendly atmosphere with supervisors | 7 |
| h. don't know | 8 |
- 76-77
- 27a. Please evaluate each of the following job factors in terms of its degree of importance to you, by giving a score of one to the least important up to a score of ten for the most important.
- | | |
|----------------------------------|-----|
| a. wage/salary | () |
| b. fringe-benefits | () |
| c. working conditions | () |
| d. opportunity of advancement | () |
| e. suitable type of job | () |
| f. hours of work | () |
| g. congenial & helpful workmates | () |
| h. superior's appreciation | () |
| i. job security | () |
| j. opportunity to learn the job | () |
- 78-79
- To CARD TWO

36. If you had ever unemployed, what did you do during you were unemployed and who supported you for your living ?

a. I did: _____ (C.L.)

N.A. 9

32-33

- b. 1. my parents supported me 1
 2. my wife supported me 2
 3. my relative supported me 3
 4. my son/daughter supported me 4
 5. my friend(s) supported me 5
 6. Other: _____ (C.L.)
 7. Not applicable 9

34-35

37. How is your present job compared with your last job in the following factors ?

	worse	same	better	don't know	N.A.
a. wage/salary is	1	2	3	4	9
b. fringe-benefits are	1	2	3	4	9
c. working conditions are	1	2	3	4	9
d. chances of promotion are	1	2	3	4	9
e. opportunities for training are	1	2	3	4	9
f. the company itself is	1	2	3	4	9
g. labour union is	1	2	3	4	9

36-37

38-39

40-41

42-43

44-45

46-47

48-49

38. a. Have you ever worked for a foreign company/joint venture before holding your present job ? Yes 1 No 2

50-51

b. If 'YES', please mention the company's name, location, etc. !

Name of the company : _____ (C.L.) N.A. 9

Location : _____ (C.L.) N.A. 9

Country of origin : _____ (C.L.) N.A. 9

52-53

54-55

56-57

If 'NO', please proceed to question no. 45 !

39. What position level did you hold in that foreign company ?

- a. top management 1
 b. middle management 2
 c. administrative staff 3
 d. supervisor/foreman 4
 e. monthly permanent worker 5
 f. daily fixed worker 6
 g. daily casual worker 7
 h. Not applicable 9

58-59

40. So far as you know, what is the highest position that an Indonesian employee can hold in that foreign company ?

- | | |
|-------------------------|---|
| a. top management | 1 |
| b. middle management | 2 |
| c. administrative staff | 3 |
| d. don't know | 8 |
| e. not applicable | 9 |

60-61

41. What was your main reason for leaving your job from the foreign company ?

- | | |
|----------------------------------------------------------|--------|
| a. dissatisfied with wage/salary rate | 1 |
| b. dissatisfied with the working condition | 2 |
| c. disagreed with the 'discrimination' practices | 3 |
| d. did not get along with foreign expatriate superior(s) | 4 |
| e. did not get along with Indonesian superior(s) | 5 |
| f. Other: _____ | (C.L.) |
| g. Not applicable | 9 |

62-63

42. a. Did you see, hear or experience any maltreatment practices done by the foreign expatriates to the Indonesian employees/workers ?

Yes 1 No 2 N.A. 9

64-65

b. If 'YES', give example !

_____ (C.L.)

66-67

N.A. 9

c. What was the probable cause ?

_____ (C.L.)

68-69

N.A. 9

43. a. Did you see or feel any unfriendly relation between the foreign expatriates and the Indonesian employees/workers ?

Yes 1 No 2 N.A. 9

70-71

b. If 'YES', what was the probable cause ?

_____ (C.L.)

N.A. 9

72-73

44. Did you see any dissatisfying issues because of wage differentials between the Indonesian employees/workers and the foreign expatriates?

Yes 1 No 2 N.A. 9

74-75

=====

To CARD THREE

=====

D. WAGE/SALARY, FRINGE-BENEFITS, FACILITIES

45. How much do you receive your monthly wage/salary in this company ?

Answer : Rp 000,—

10-14

46. How much do you pay for your children's monthly school fee ?

Answer : Rp 000,—

15-18

47. How much do you send to your family/relative in the village or other town each month ?

Answer : Rp 000,—

19-23

48. Aside from your wage/salary, do you have right to receive the following fringe-benefits ?

	<u>Yes</u>	<u>No</u>	
a. family allowance	1	2	24-25
b. cost of living allowance	1	2	26-27
c. transport allowance	1	2	28-29
d. New Year/Lebaran allowance	1	2	30-31
e. housing allowance	1	2	32-33
f. birth allowance	1	2	34-35
g. death allowance	1	2	36-37
h. medical care allowance	1	2	38-39
i. old age pension allowance	1	2	40-41
j. social security allowance	1	2	42-43
k. functional allowance	1	2	44-45

49. Are these kinds of physical facilities provided by the company for your advantage ?

	<u>Yes</u>	<u>No</u>	
a. housing/dormitory/barrack	1	2	46-47
b. common hall	1	2	48-49
c. transportation to and from work site	1	2	50-51
d. medical unit/clinic	1	2	52-53
e. free meal(s)	1	2	54-55

50. Do you have any other sources of income ?

Yes 1 No 2

56-57

-If 'YES', in what kind of job ?

Specify: _____ (C.L.) N.A. 9

58-59

-How much per month ?

Answer : Rp 000,—

60-64

51. Does your wife work ? Yes 1 No 2
If 'YES', in what kind of job ?
Specify: _____ (C.L.) N.A. 9
How much does she earn per month ? Answer : Rp 000,-
52. Do you receive annual bonus ('gratification') ?
Yes 1 No 2
If 'YES', how much ? (Equal to how many months of your wage/salary).
Equal to month(s) wage/salary.
52b. Are you dissatisfied because you are paid less than your colleagues
who do the same job but have longer time of service in this company?
Yes 1 No 2 Don't know 9
To CARD FOUR

CARD IV

E. TRAINING/EDUCATION

53. During your work in this company, have you undergone the following trainings/courses/education which fee is paid by the company ?
If YES, for approx. how many days in total ?

a. In-company training	Yes	1	No	2	10-11
If 'YES', for approx. <input type="text"/> <input type="text"/> <input type="text"/> days in total.					12-16
b. training away from job but within company's group	Yes	1	No	2	17-18
If 'YES', for approx. <input type="text"/> <input type="text"/> <input type="text"/> days in total.					19-23
c. training at Dept. of Industry Training Centre	Yes	1	No	2	24-25
If 'YES', for approx. <input type="text"/> <input type="text"/> <input type="text"/> days in total.					26-30
d. training at Dept. of Manpower Training Centre.	Yes	1	No	2	31-32
If 'YES', for approx. <input type="text"/> <input type="text"/> <input type="text"/> days in total.					33-37
e. courses at Airlangga Management Centre	Yes	1	No	2	38-39
If 'YES', for approx. <input type="text"/> <input type="text"/> days in total.					40-43
f. courses at East Java Management Centre	Yes	1	No	2	44-45
If 'YES', for approx. <input type="text"/> <input type="text"/> days in total.					46-49
g. courses at other institutions in Indonesia	Yes	1	No	2	50-51
If 'YES', for approx. <input type="text"/> <input type="text"/> days in total.					52-55
h. training/education abroad	Yes	1	No	2	56-57
If 'YES', for approx. <input type="text"/> <input type="text"/> <input type="text"/> days in total.					58-62

54. How useful do you think your training/course/education have been for your work ?

not useful slightly useful useful very useful don't know
1 2 3 4 5

Not applicable
9

63-64

55. Did you receive full pay while undergoing the training/course/education ?

Yes 1 No 2 N.A. 9

65-66

56. Did your training/courses/education help to speed up your wage/salary and or position promotion ?

Yes 1 No 2 don't know 3 N.A. 9

67-68

F. LABOUR UNION

57. Has the local Labour Union Factory Unit (SBLP) or any labour union been formed in this company ?

Yes 1 No 2

69-70

If 'NO', please proceed to question no. 69 !

58. Are you a member of the union ? Yes 1 No 2 N.A. 9

71-72

59. Is union membership compulsory ? Yes 1 No 2 N.A. 9

73-74

60. Who is the chairman of your labour union ?

- a. an employee/worker elected by labour meeting 1
- b. an employee/worker appointed by the management 2
- c. an employee/worker appointed by FBSI 3
- d. an outsider appointed by the Government 4
- e. don't know 5
- f. Not applicable 9

75-76

To CARD FIVE

61. Are you satisfied with the way the election/appointment of the union chairman is done ?
- | | | | | |
|------------------|---------------------|-------------------|-------------|-------|
| <u>Satisfied</u> | <u>Dissatisfied</u> | <u>Don't know</u> | <u>N.A.</u> | |
| 1 | 2 | 3 | 9 | 10-12 |
- If 'DISSATISFIED', specify why ? _____ (C.L.)
- N.A. 9
62. Does the management exert any stipulation for the candidate of labour union chairman ?
- | | | | | | | |
|-----|---|----|---|------|---|-------|
| Yes | 1 | No | 2 | N.A. | 9 | 13-14 |
|-----|---|----|---|------|---|-------|
63. Do you agree with the composition of the labour union board members ?
- | | | | | |
|--------------|-----------------|-------------------|-------------|-------|
| <u>agree</u> | <u>disagree</u> | <u>don't know</u> | <u>N.A.</u> | |
| 1 | 2 | 3 | 9 | 15-16 |
- If 'DISAGREE', specify why ? _____ (C.L.)
- N.A. 9
64. What do you think is the most beneficial thing that your union has done so far ?
- | | | |
|---------------------------------------|---|-------|
| a. increased wage /salary | 1 | |
| b. increased fringe-benefits | 2 | |
| c. sped up casual to permanent status | 3 | 21-22 |
| d. improved working condition | 4 | |
| e. don't know | 5 | |
| f. Not applicable | 9 | |
65. Are you satisfied with the way your union handled the grievances ?
- | | | | | |
|----------------------|-------------------------|------------------|-----------------------|-------|
| <u>not satisfied</u> | <u>fairly satisfied</u> | <u>satisfied</u> | <u>very satisfied</u> | |
| 1 | 2 | 3 | 4 | 23-24 |
| <u>don't know</u> | <u>N.A.</u> | | | |
| 5 | 9 | | | |
- If 'NOT SATISFIED', why ? _____ (C.L.)
- N.A. 9
66. How good a job do you think your union officers do in keeping the members informed about what is happening on all grievances ?
- | | | |
|---------------|---|-------|
| a. very poor | 1 | |
| b. poor | 2 | |
| c. good | 3 | 27-28 |
| d. very good | 4 | |
| e. don't know | 5 | |
| f. N.A. | 9 | |
67. During the last year, how many times did the union hold members meeting ?
- Answer : time(s) N.A. 99
- Don't know 90
- 29-31

66. During the last year, about what proportion of the union meeting did you attend ?
- | | | |
|---------------------|---|--|
| a. n e v e r | 1 | |
| b. less than a half | 2 | |
| c. more than a half | 3 | |
| d. a l l | 4 | |
| e. N.A. | 9 | |
- 32-33
69. According to your evaluation, do you find the Pancasila Labour Relation idea helpful in solving labour disputes ?
- | | | | | | | |
|-----|---|----|---|------------|---|--|
| Yes | 1 | No | 2 | don't know | 3 | |
|-----|---|----|---|------------|---|--|
- 34-35
- If 'YES' or 'NO', specify why ?
- _____ (C.L.)
- 36-37
- N.A. 9
70. According to your evaluation, is the role of the Committee for Labour Dispute Settlement (P4D) effective in helping to solve labour dispute ?
- | | | | | | | |
|-----|---|----|---|------------|---|--|
| Yes | 1 | No | 2 | don't know | 3 | |
|-----|---|----|---|------------|---|--|
- 38-39
- If 'YES' or 'NO', specify why ?
- _____ (C.L.)
- 40-41
- N.A. 9
71. Do you think that FBSI's role in "defending" its members has been satisfactory ?
- | | | |
|------------------------|---|--|
| a. not satisfactory | 1 | |
| b. fairly satisfactory | 2 | |
| c. satisfactory | 3 | |
| d. very satisfactory | 4 | |
| e. don't know | 5 | |
- 42-43
72. How was your wage/salary determined for the first time ?
- | | | |
|-------------------------------------------|--------|--|
| a. through Collective Labour Agreement | 1 | |
| b. through bargaining on individual basis | 2 | |
| c. pre-determined by the employer | 3 | |
| d. Other: _____ | (C.L.) | |
- 44-45
73. Have you ever taken part in a labour dispute in this company ?
- | | | | | | | |
|-----|---|----|---|------|---|--|
| Yes | 1 | No | 2 | N.A. | 9 | |
|-----|---|----|---|------|---|--|
- 46-47
- If 'YES', what was the dispute about ?
- _____ (C.L.)
- 48-49
- don't know 8 N.A. 9
74. Have you ever taken part in a "labour strike" in this company ?
- | | | | | | | |
|-----|---|----|---|------|---|--|
| Yes | 1 | No | 2 | N.A. | 9 | |
|-----|---|----|---|------|---|--|
- 50-51
- If 'YES', what was the cause of the "strike" ?
- _____ (C.L.)
- 52-53
- don't know 8 N.A. 9

75. So far as you can remember, did labour accidents occur in this company during last year and this year ?
- Yes 1 No 2 don't know 3 N.A. 9
- If 'YES' :
- a. how many times did it occur last year? ☐ time(s) N.A. 99
- b. how many times did it occur this year? ☐ time(s) N.A. 99
- c. what was the most common cause ?
- (C.L.)
- Don't know 8 N.A. 9
- d. what was the steps taken to prevent the accident ?
- (C.L.)
- Don't know 8 N.A. 9
76. Who do you regard as your patron to whom you ask for help and advice in this company ?
- a. my direct supervisor/superior 1
- b. an old person in my division 2
- c. the personnel manager 3
- d. labour union chairman 4
- e. top management people 5
- f. none 6
- g. Other: _____ (C.L.)
- G. RESIDENTIAL HISTORY, MOBILITY, URBANIZATION
77. Where were you born ?
- (C.L.)
- (mention: village/town, regency, province)
78. What is your father's main occupation ?
- (C.L.)
79. Have you ever followed your father's occupation in your life time ?
- Yes 1 No 2
80. During one year, how many times in average have you visited the place where you were born ?
- answer : ☐☐ time(s). N.A. 999
- 80a. Were you born in a village? Yes 1 No 2

To CARD SIX

81. For what main purpose did you visit the place where you were born ?
- | | | |
|----------------------------------------------------------------|--------|-------|
| a. social purpose (wedding, new year, Lebaran, vacation, etc.) | 1 | |
| b. economic purpose (looking after property, harvest, etc.) | 2 | |
| c. both social and economic purposes (a + b) | 3 | 10-12 |
| d. Other: _____ | (C.L.) | |
| e. Not applicable | 9 | |
82. Since you were born, have you ever moved from one place to another ?
- Yes 1 No 2
- If 'YES', for how many times ? Answer : time(s).
- 13-14
15-17
83. If you lived in a village just before moving to this area (urbanization), which one reason on this list is closest to your own reason for moving from the village to this area ?
- | | | |
|--------------------------------------------------------------------|--------|-------|
| a. because of natural disaster in the village | 1 | |
| b. because I did not have a job in the village | 2 | |
| c. because I went bankrupt in the village | 3 | |
| d. because living in the town is more promising | 4 | 18-19 |
| e. because my children would have better opportunities in the town | 5 | |
| f. Other: _____ | (C.L.) | |
| g. Not applicable | 9 | |
84. Now that you are in this place. Are you disappointed or satisfied to be in here ?
- | | | | |
|--------------------------|---------------------|----------------------------|------------------|
| <u>very disappointed</u> | <u>disappointed</u> | <u>fairly disappointed</u> | <u>satisfied</u> |
| 1 | 2 | 3 | 4 |
| <u>very satisfied</u> | <u>don't know</u> | <u>N.A.</u> | |
| 5 | 6 | 9 | |
- 20-21
85. Do you have any intention to move away from this area in the near future ?
- Yes 1 No 2 don't know 3
- If 'YES', why ?
- (C.L.) 24-25
- N.A. 9
86. Would you want your grown up son/sons to live near you in this area or move away ?
- | | | | |
|--------------------------|------------------|-------------------|-------------|
| <u>live in this area</u> | <u>move away</u> | <u>don't know</u> | <u>N.A.</u> |
| 1 | 2 | 3 | 9 |
- Specify why ? (if your answer is either 1 or 2)
- (C.L.) 28-29
- N.A. 9
87. What do you mostly do in your sparetime or during weekends ?
- Specify: _____ (C.L.)
- 30-31
88. If you were quitting this job, do you think it is easy or difficult for you to get a new job of the same or better condition ?
- | | | | | |
|------------------|----------------|------------------|-----------------------|-------------------|
| <u>very easy</u> | <u>e a s y</u> | <u>difficult</u> | <u>very difficult</u> | <u>don't know</u> |
| 1 | 2 | 3 | 4 | 5 |
- 32-33

QUESTION FOR FOREIGN COMPANY EMPLOYEE/WORKER ONLY

89. So far as you know, what is the highest position that an Indonesian employee/worker can hold in this company ?

a. top management	1
b. middle management	2
c. administrative staff	3
d. don't know	4
e. not applicable	9

34-35

90. Have you seen, heard or experienced any maltreatment practices done by the foreign expatriates to the Indonesian employees/workers in this company ?

Yes	1	No	2	N.A.	9
-----	---	----	---	------	---

36-37

-If 'YES', give example :

_____ (C.L.)

N.A. 9

38-39

-What is the possible cause ?

_____ (C.L.)

N.A. 9

40-41

91. Have you seen or felt any unfriendly relation between the Indonesian employees/workers and the foreign expatriates in this company?

Yes	1	No	2	N.A.	9
-----	---	----	---	------	---

42-43

If 'YES', what was the most probable cause ?

_____ (C.L.)

N.A. 9

44-45

92. Have you heard any dissatisfying issues because of wage differentials between the Indonesian employees and the foreign expatriates in this company ?

Yes	1	No	2	N.A.	9
-----	---	----	---	------	---

46-47

If 'YES', does it matter to you ?

Yes	1	No	2	N.A.	9
-----	---	----	---	------	---

48-49

DO YOU HAVE ANY OTHER COMMENT?

THANK YOU VERY MUCH FOR YOUR COOPERATION!

(FOR OFFICE USE ONLY)

Date of interview : _____

Interviewer : _____

Checked by : _____

Signature : _____

Surabaya, _____ 19 __

APPENDIX B3

KWESIONER UNTUK PENELITIAN
tentang
KEBIJAKSANAAN DALAM PENGEMBANGAN
SUMBER DAYA MANUSIA

SEMUA JAWABAN DIPERLAKUKAN SECARA KONFIDENSIAL

Fakultas Ekonomi
Universitas Airlangga
Jl. Airlangga 4
Surabaya

Dept. of Business Studies
Edinburgh University
50 George Square
Edinburgh, U.K.

KWESIONER UNTUK PERUSAHAAN
=====

ISILAH TEMPAT2 YANG TERSEDIA DAN BERI TANDA
CHECK (✓) PADA KOTAK2 YANG SESUAI

Nama Perusahaan : _____

Alamat Kantor : _____

Lokasi pabrik (kalau berbeda dgn alamat kantor) : _____

Status Perusahaan : Perusahaan asing/Joint venture (PMA) ☐
Perusahaan Domestik/(PMDN) ☐

Untuk perusahaan PMA : a. Negara asal : _____
b. Head Quarter di : _____
c. Regional H.Q. di: _____
(kalau ada)

Tahun didirikan : 19____

Produk(2) : 1. _____ 3. _____
2. _____ 4. _____

Jumlah tenaga kerja (karyawan + buruh) : Laki-laki : _____ orang
W a n i t a : _____ orang

Jumlah modal yang ditanam : Modal asing US \$ _____
Modal domestik Rp _____

Modal kerja (tahun y.l.): Rp _____; US \$ _____

Modal domestik harap diperinci ke dalam persentase pemilikan modal tsb. :

a. pemerintah : _____ %
b. keluarga/famili : _____ %
c. publik : _____ %

Kalau perusahaan ini termasuk dalam suatu Group perusahaan, harap dijelaskan persentase investment (kira2) ke dalam perusahaan ini dibandingkan dengan jumlah investment ke dalam seluruh perusahaan dalam Group.

Kira-kira : _____ % N.A. ☐

=====

A. UMUM, GAJI/UPAH DAN TUNJANGAN2

1. Jumlah karyawan/buruh pada tiap jenjang :

- a. pimpinan puncak (top management) : _____ orang
- b. staf menengah (middle management): _____ orang
- c. staf administrasi : _____ orang
- d. supervisor/mandur : _____ orang
- e. buruh bulanan tetap : _____ orang
- f. buruh harian tetap : _____ orang
- g. buruh harian lepas : _____ orang

Jumlah : _____ orang

2. Tingkat pendidikan karyawan/buruh (diukur dari ijazah tertinggi yang dimiliki):

- a. perguruan tinggi : _____ orang
 b. sarjana muda/akademi : _____ orang
 c. S.L.T.A., S.M.E.A., dll. : _____ orang
 d. Sekolah Menengah Atas
 Kejuruan (STM, dll.) : _____ orang
 e. S.L.T.P., S.T., dll. : _____ orang
 f. S.D. : _____ orang
 g. Lain: _____ : _____ orang

Jumlah : _____ orang

3. Gaji/upah*) untuk karyawan/buruh Indonesia: (bulatkan dlm ribuan rupiah)
 (pembayaran in natura termasuk)

Terendah : Tertinggi :

- a. pimpinan puncak (top management) Rp _____/bln Rp _____/bln
 b. staf menengah (middle management) Rp _____/bln Rp _____/bln
 c. karyawan administrasi Rp _____/bln Rp _____/bln
 d. supervisor/mandur Rp _____/bln Rp _____/bln
 e. buruh bulanan tetap Rp _____/bln Rp _____/bln
 f. buruh harian tetap Rp _____/bln Rp _____/bln
 g. buruh harian lepas Rp _____/bln Rp _____/bln

*) untuk buruh harian, upah per bulan adalah 25 kali upah harian.

4. Gaji/upah untuk karyawan asing (kalau ada):

Terendah : Tertinggi :

- a. pimpinan puncak (top management) US \$ _____/bln US\$ _____/bln
 b. staf menengah (middle management) US\$ _____/bln US\$ _____/bln
 c. experts (staf ahli) US\$ _____/bln US\$ _____/bln
 d. Not applicable ☐

5. Mana dari tunjangan2 di bawah ini disediakan perusahaan bagi karyawan/buruh pada tiap jenjang ?

	Pimp. Puncak	Pimp. Tengah	Karyw. Admin.	Superv/ Mandur	BBT*	BHT*	BHL*
a. tunjangan keluarga	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. tunjangan kemahalan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. tunjangan transport	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Tunjangan Hari Raya (THR)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. tunjangan perumahan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. tunjangan kelahiran	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. tunjangan kematian	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. tunjangan pengobatan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. tunjangan pensiun	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. tunjangan asuransi sosial	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k. tunjangan jabatan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l. Lain: _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

BBT=Buruh Bulanan Tetap

BHT= Buruh Harian Tetap

BHL= Buruh Harian Lepas

6. Mengenai tunjangan pengobatan (kalau ada), apakah hanya untuk karyawan/buruh sendiri atau juga untuk suami/istri, anak2 dan anggota keluarga lainnya? Sebutkan untuk tiap jenjang karyawan/buruh !
- | | Utk diri sendiri | Juga untuk suami/istri | Juga utk anak2 | Juga utk anggota keluarga lainnya |
|--------------------------|--------------------------|--------------------------|--------------------------|-----------------------------------|
| a. pimpinan puncak | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. pimpinan menengah | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| c. karyawan administrasi | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| d. supervisor/mandur | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| e. buruh bulanan tetap | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| f. buruh harian tetap | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| g. buruh harian lepas | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
7. Berapa jumlah total yang dibayarkan oleh perusahaan untuk tunjangan2 selama satu tahun yang lalu ?
- Rp _____
- US \$ _____ (kalau ada)
8. Berapakah besarnya budget untuk tunjangan2 pada tahun ini ?
- Rp _____
- US \$ _____ (kalau ada)
9. Apakah perusahaan memberikan bonus tahunan (gratifikasi) untuk karyawan/buruh ?
- Ya ☐ Tidak ☐
10. Kalau 'YA', harap disebutkan berapa besarnya bonus (gratifikasi) untuk tiap jenjang karyawan diukur dengan gaji/upah bulanan !
- | | Nihil | 1 bulan gaji/upah | 2 bulan gaji/upah | 3 bulan gaji/upah | Lebih dari 3 bulan gaji/upah |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|------------------------------|
| a. pimpinan puncak | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. pimpinan menengah | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| c. karyawan administrasi | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| d. supervisor/mandur | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| e. buruh bulanan tetap | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| f. buruh harian tetap | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| g. buruh harian lepas | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
11. Apakah perusahaan memberikan tunjangan outi tahunan untuk karyawan/buruh ?
- Ya ☐ Tidak ☐
12. Kalau 'YA', harap disebutkan berapa untuk tiap jenjang, diukur dengan gaji/upah bulanan !
- | | Nihil | 1 bulan gaji/upah | 2 bulan gaji/upah | 3 bulan gaji/upah | Lebih dari 3 bulan gaji/upah |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|------------------------------|
| a. pimpinan puncak | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. pimpinan menengah | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| c. karyawan administrasi | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| d. supervisor/mandur | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| e. buruh bulanan tetap | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| f. buruh harian tetap | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| g. buruh harian lepas | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| h. Not applicable | <input type="checkbox"/> | | | | |

13. Mana dari fasilitas2 fisik di bawah ini disediakan oleh perusahaan, dan untuk siapa ?							
	<u>Pimp. Puncak</u>	<u>Pimp. Tengah</u>	<u>Karyawan Admin.</u>	<u>Superv./Mandur</u>	<u>Buruh Bulanan Tetap</u>	<u>Buruh Harian Tetap</u>	<u>Buruh Harian Lepas</u>
a. perumahan/mess	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. barak	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. aula/ruang pertemuan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. poliklinik	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. pengangkutan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. ruang makan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. kafetaria/kantin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. makan siang cuma2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. perpustakaan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. mushola	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

14. Mengenai poliklinik, apakah fasilitas ini hanya untuk karyawan/buruh sendiri atau juga untuk suami/istri, anak2 dan anggota keluarga lainnya? Sebutkan untuk tiap jenjang karyawan/buruh !

	<u>Utk diri sendiri</u>	<u>Juga untuk suami/istri</u>	<u>Juga utk anak2</u>	<u>Juga utk anggota keluarga lainnya</u>
a. pimpinan puncak	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. pimpinan menengah	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. karyawan administrasi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. supervisor/mandur	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. buruh bulanan tetap	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. buruh harian tetap	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. buruh harian lepas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Not applicable	<input type="checkbox"/>			

15. Apakah pengobatan pada poliklinik (kalau ada) sepenuhnya cuma-cuma atau dikenakan pembayaran murah ?

- a. sepenuhnya cuma2 ☐
 b. dikenakan pembayaran murah ☐
 c. Not applicable ☐

16. Fasilitas kredit apakah yang disediakan oleh perusahaan dan untuk siapa ?

<u>Kredit utk.:</u>	<u>PP*</u>	<u>PK*</u>	<u>KA*</u>	<u>S/M*</u>	<u>BBT*</u>	<u>BHT*</u>	<u>BHL*</u>
a. beli rumah	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. beli mobil	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. beli sepeda motor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Not applicable	<input type="checkbox"/>						

B. RECRUITMENT

17. Melalui media apakah perusahaan ini me-rekrut karyawan/buruh untuk tiap jenjangnya ?

<u>M e l a l u i :</u>	<u>PP*</u>	<u>PM*</u>	<u>KA*</u>	<u>S/M*</u>	<u>BBT*</u>	<u>BHT*</u>	<u>BHL*</u>
a. melalui iklan di surat2 kabar	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. badan penyalur tenaga kerja	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. karyawan/buruh yang sudah ada utk memperkenalkan kenalan/kera-batnya.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Departemen Tenaga Kerja (Penempatan Kerja)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. surat2 ke lembaga2 pendidikan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. pengumuman di gerbang pabrik	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Lain: _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*) PP = Pimpinan Puncak
 PM = Pimpinan Menengah
 BBT= Buruh Bulanan Tetap
 BHL= Buruh Harian Lepas

KA = Karyawan Administrasi
 S/M= Supervisor/Mandur
 BHT=Buruh Harian Tetap

18. Bagaimanakah prosedur seleksi pelamar kerja pada tiap jenjang karyawan/buruh ?

	<u>PP*</u>	<u>PM*</u>	<u>KA*</u>	<u>S/M*</u>	<u>BBT*</u>	<u>BHT*</u>	<u>BHL*</u>
a. melalui penyaringan ijazah dan atau surat referensi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. melalui wawancara pribadi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. melalui test ketrampilan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. melalui test psikologi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. tanpa persyaratan di atas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Lain: _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

19. Siapakah yang membuat keputusan terakhir untuk
- menerima
- atau
- menolak
- pelamar kerja pada tiap jenjang karyawan/buruh ?

Keputusan dibuat oleh:

- a. pimpinan puncak _____
- b. pimpinan menengah _____
- c. karyawan administrasi _____
- d. supervisor/mandur _____
- e. buruh bulanan tetap _____
- f. buruh harian tetap _____
- g. buruh harian lepas _____

20. a. Khususnya dalam bidang pekerjaan/keahlian yang manakah dirasakan sukar untuk mendapatkan tenaga dari dalam negeri ?

- a. _____
- b. _____
- c. _____
- d. _____

20. b. Dapatkah kiranya Anda sebutkan penyebab utamanya ?

- a. _____
- b. _____
- c. _____
- d. _____
- e. Tidak tahu ☐

21. Pernahkah perusahaan anda mengalami "pembajakan karyawan" yang dilakukan oleh perusahaan lain ?

Ya ☐ Tidak ☐

Kalau 'Tidak'; harap langsung ke pertanyaan no.25

22. Kalau 'YA' pada pertanyaan no.21, apakah status perusahaan yang "membajak" ?

- a. perusahaan asing/PMA ☐, negara asal : _____
- b. perusahaan domestik ☐
- c. tidak tahu ☐
- d. Not applicable ☐

23. Karyawan/buruh dengan keahlian/pendidikan manakah yang paling sering di "bajak"?

- a. _____
- b. _____
- c. _____
- d. Not applicable ☐

24. Apa yang sudah Anda lakukan untuk mencegah "pembajakan karyawan" itu ?

Not applicable ☐

C. LABOUR TURNOVER

25. Sebutkan jumlah karyawan/buruh yang berhenti/mengundurkan diri atas kemauannya sendiri selama tahun yg. lalu dan tahun ini ?

- a. Tahun yang lalu : _____ orang
- b. Tahun ini : _____ orang.

26. Menurut yang anda ketahui, apakah alasan utama yang menyebabkan mereka berhenti/meninggalkan pekerjaan mereka ?

- a. _____
- b. _____
- c. _____
- d. Tidak tahu ☐

27. Apakah Anda menganggap bahwa pengunduran diri mereka itu merupakan hal yang serius ?

Ya ☐ Tidak ☐

28. Berapakah jumlah karyawan/buruh yang di-PHK-kan/diberhentikan oleh perusahaan selama tahun yang lalu dan tahun ini ?

- a. Tahun yang lalu: _____ orang
- b. Tahun ini : _____ orang.

29. Menurut yang anda ketahui, apakah penyebab utama sehingga terjadi PHK ?

- a. _____
- b. _____
- c. _____
- d. _____

30. Apakah Anda menganggap PHK tersebut merupakan hal yang serius ?

Ya ☐ Tidak ☐

31. Berapakah jumlah karyawan/buruh baru yang di-rekrut selama tahun yg lalu dan tahun ini ?

Tahun yg lalu : _____ orang

Tahun ini : _____ orang

32. Alasan terpenting apakah yang menyebabkan diadakannya rekruting tsb. ?

- a. untuk mengganti karyawan/buruh yang berhenti ☐
- b. untuk mengimbangi perkembangan usaha ☐
- c. Not applicable ☐

D. LABOUR ABSENTEEISM

33. Berapa jumlah karyawan/buruh yang absen (mangkir) dan untuk berapa hari kerja selama tahun yg lalu dan tahun ini ?

Tahun yg lalu :

- a. karena sakit : _____ orang, untuk selama _____ hari kerja.
- b. karena alasan lain : _____ orang, untuk selama _____ hari kerja.

Tahun ini :

- a. karena sakit : _____ orang, untuk selama _____ hari kerja.
- b. karena alasan lain : _____ orang, untuk selama _____ hari kerja.

34. Menurut pengamatan/catatan, pemangkiran (absen) sebagian besar terjadi pada waktu-waktu yang mana ?

- a. pada awal bulan atau setelah hari pengupahan ☐
- b. pada akhir bulan atau sebelum hari pengupahan ☐
- c. beberapa hari sebelum atau sesudah hari2 raya penting ☐
- d. terjadi tidak menentu sepanjang tahun ☐

35. Menurut perkiraan Anda, apakah alasan utama yang menyebabkan terjadinya pemangkiran itu ?

36. Apa yang sudah Anda lakukan untuk mengurangi tingkat pemangkiran itu ?

37. Apakah anda menganggap bahwa tingkat pemangkiran sudah mencapai taraf yang mengganggu produktivitas kerja ?

Ya ☐ Tidak ☐

E. TRAINING/EDUCATION

38. Apakah perusahaan ini sudah mempunyai program latihan/pendidikan untuk para karyawan/buruh ?

Ya ☐ Tidak ☐

Kalau 'YA', harap langsung ke pertanyaan no. 40

39. Kalau 'TIDAK' pada pertanyaan 38, apa alasan utama untuk tidak/belum memiliki program latihan/pendidikan ?

a. perusahaan menganggap sementara ini belum perlu ☐

b. perusahaan tidak memiliki dana untuk itu ☐

c. Lain: _____ ☐

d. Not applicable ☐

40. Mohon diisi jumlah karyawan/buruh pada tiap jenjang yang pernah mengikuti latihan/kursus/pendidikan atas biaya perusahaan pada tempat2 di bawah ini selama tahun 1982.

	PP*	PM*	KA*	S/M*	BBT*	BHT*	BHL*
a. latihan kerja di dalam perusahaan							
b. latihan kerja di luar perusahaan tapi dalam Group perusahaan							
c. Pusat Latihan Dep. Perindustrian							
d. Pusat Latihan Depnaker.							
e. Pusat Management UNAIR.							
f. Pusat Management Jawa Timur							
g. Latihan/pendidikan di luar negeri							
h. Lain: _____							
i. Not applicable <input type="checkbox"/>							

41. Menurut penilaian Anda, latihan/kursus/pendidikan di bawah ini, yang manakah yang paling bermanfaat bagi perusahaan ?

(Pilihlah 3 yang terbaik dengan menuliskan angka berurutan pada kotak2 yang Anda pilih !)

a. latihan kerja di dalam perusahaan ☐

b. latihan kerja di luar perusahaan tapi dalam Group perusahaan ☐

c. Pusat Latihan Dep. Perindustrian ☐

d. Pusat Latihan Depnaker. ☐

e. Pusat Management UNAIR. ☐

f. Pusat Management Jawa-Timur ☐

g. latihan/pendidikan di luar negeri ☐

h. Lain: _____ ☐

i. Not applicable ☐

42. Berapakah besarnya biaya untuk latihan/pendidikan selama tahun yg lalu ?

Rp _____

US\$ _____

Not applicable ☐

43. Berapakah besarnya anggaran untuk latihan/pendidikan pada tahun ini ?

Rp _____

US\$ _____

Not applicable ☐

44. Bagaimana rencana anggaran untuk latihan/pendidikan tahun depan ?

a. lebih tinggi ☐

b. s a m a ☐

c. lebih rendah ☐

d. tidak tahu ☐

e. Not applicable ☐

F. SEREKAT BURUH

45. Apakah di perusahaan ini sudah terbentuk SBLP atau serekat buruh dengan nama lain ?

Sudah ☐

Belum ☐, mengapa ? : _____

Kalau 'BELUM', harap langsung ke pertanyaan no.50

46. Siapakah yang menjadi Ketua serekat buruh di perusahaan ini ?

a. karyawan/buruh yang dipilih oleh rapat anggota ☐

b. karyawan/buruh yang ditunjuk oleh majikan ☐

c. karyawan/buruh yang ditunjuk oleh FBSI ☐

d. orang luar yang ditunjuk oleh pemerintah ☐

e. Lain: _____

f. Not applicable ☐

47. Apakah perusahaan menentukan syarat2 bagi calon Ketua serekat buruh ?

Ya ☐ Tidak ☐

48. Bagaimanakah komposisi dewan pengurus serekat buruh di perusahaan ini ?

a. keseluruhannya terdiri dari wakil2 karyawan/buruh ☐

b. terdiri dari Kabag. Personalia dan wakil2 karyawan/buruh ☐

c. terdiri dari beberapa orang staf perusahaan dan wakil2 karyawan/buruh ☐

d. terdiri dari beberapa orang staf perusahaan, orang luar yang ditunjuk dan wakil2 karyawan/buruh ☐

e. Not applicable ☐

49. Puaskah Anda dengan komposisi dewan pengurus serekat buruh yang ada sekarang?

Puas ☐ Tidak puas ☐

Jelaskan mengapa "puas" atau "tidak puas" ?

50. Pada umumnya, bagaimanakah gaji/upah ditentukan di perusahaan ini ?

a. melalui Perjanjian Kerja Bersama (PKB) ☐

b. melalui tawar-menawar perorangan ☐

c. sudah ditentukan oleh majikan ☐

d. Lain: _____ ☐

51. Berapa % kenaikan gaji/upah yang diberikan kepada tiap jenjang karyawan/buruh pada tahun yang lalu dan tahun ini ? (Isilah "0" kalau tak ada kenaikan).
- | | <u>Tahun lalu</u> | <u>Tahun ini</u> |
|---------------------------------|-------------------|------------------|
| a. kepada pimpinan puncak | ___ % | ___ % |
| b. kepada pimpinan menengah | ___ % | ___ % |
| c. kepada karyawan administrasi | ___ % | ___ % |
| d. kepada supervisor/mandur | ___ % | ___ % |
| e. kepada buruh bulanan tetap | ___ % | ___ % |
| f. kepada buruh harian tetap | ___ % | ___ % |
| g. kepada buruh harian lepas | ___ % | ___ % |
52. Kenaikan gaji/upah dari tiap jenjang karyawan/buruh merupakan flat rate ataukah berdasarkan performance appraisal ? (Check pada N.A. bila tak ada kenaikan)
- | | <u>Flat rate</u> | <u>Performance appraisal</u> | <u>N.A.</u> |
|--------------------------|--------------------------|------------------------------|--------------------------|
| a. pimpinan puncak | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. pimpinan menengah | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| c. karyawan administrasi | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| d. supervisor/mandur | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| e. buruh bulanan tetap | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| f. buruh harian tetap | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| g. buruh harian lepas | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
53. Berapa kali terjadi perselisihan perburuhan yang serius selama tahun yang lalu dan tahun ini ?
- Tahun yang lalu: _____ kali
- Tahun ini : _____ kali
54. Sebutkan sebab-sebab yang sering menimbulkan terjadinya perselisihan perburuhan !
- permasalahan gaji/upah ☐
 - permasalahan tunjangan ☐
 - permasalahan PHK/pemberhentian ☐
 - permasalahan kondisi kerja ☐
 - Lain: _____ ☐
 - Not applicable ☐
55. Berapa kali terjadi "pemogokan karyawan/buruh" di perusahaan ini selama tahun yang lalu dan tahun ini ?
- Tahun yang lalu: _____ kali
- Tahun ini : _____ kali
56. Menurut pengalaman, bagaimanakah efektifitas prinsip Hubungan Perburuhan Pancasila (HPP) dalam membantu penyelesaian perselisihan perburuhan secara fair ?
- Efektif ☐ Tidak efektif ☐ Tak tahu ☐
- Jelaskan mengapa "efektif" atau "tidak efektif" ?
-

57. Menurut penilaian Anda, bagaimanakah efektifitas peranan F4D dalam penyelesaian perselisihan perburuhan ?
- a. tidak efektif ☐
 - b. agak efektif ☐
 - c. efektif ☐
 - d. sangat efektif ☐
 - e. Tidak tahu ☐

58. Berapa kali terjadi kecelakaan buruh di perusahaan ini selama tahun yg lalu dan tahun ini ?

Tahun yg lalu : _____ kali

Tahun ini : _____ kali.

G. SHIFT WORK

59. Apakah perusahaan ini melaksanakan kerja lebih dari satu shift ?

Ya ☐ Tidak ☐

Bila 'TIDAK', harap langsung menjawab pertanyaan no. 67

60. Bila 'YA', berapa shift tiap hari kerja ?

a. dua shift ☐

b. tiga shift ☐

c. N.A. ☐

61. Sistem apakah yang digunakan untuk melaksanakan kerja shift? (termasuk jadwal waktu giliran).

Not applicable ☐

62. Tambahan2 apa saja yang diberikan kepada karyawan/buruh yang bekerja pada shift malam hari ?

a. tidak ada tambahan apa-apa ☐

b. tambahan upah: _____ % di atas upah harian biasa

c. makan malam cuma-ouma ☐

d. Lain: _____

e. Not applicable ☐

63. Problema2 apakah yang timbul pada tiap shift ? (Termasuk absenteeism).

Shift I : Tidak ada problema ☐

Ada problema : _____

Shift II : Tidak ada problema ☐

Ada problema : _____

Shift III : Tidak ada problema ☐

Ada problema : _____

Not applicable ☐

64. Tindakan2 apakah yang telah dilakukan untuk mengatasi problema2 tsb. ?

Not applicable ☐

65. Pada umumnya, shift malam lebih banyak menimbulkan masalah daripada shift siang hari. Karyawan tertinggi tingkat apakah yang harus berada di pabrik pada shift malam hari sebagai wakil majikan untuk menangani masalah yang mungkin timbul ?

Karyawan dengan tingkat : _____

Not applicable ☐

66. Kerja shift memerlukan penyesuaian fisik dan mental. Apakah yang telah dilakukan kepada buruh untuk mencegah terjadinya hal-hal yang merugikan baik pihak buruh maupun pihak majikan ?

Not applicable ☐

H. PRODUCTION

67. Berapa % dari raw materials yang dipakai untuk produksi di perusahaan ini adalah produk dalam negeri ?

Jawab: _____ %

Jika jawabnya adalah 100%, harap langsung ke pertanyaan no. 69

68. Sebutkan alasan mengapa tidak memakai raw materials dalam negeri seluruhnya ?

a. supply di pasaran dalam negeri sangat sedikit ☐

b. harga raw material dalam negeri lebih mahal dari impor ☐

c. kualitas raw material dalam negeri tidak memenuhi standar persyaratan kami ☐

d. Lain: _____

e. Not applicable ☐

69. Berapa % dari produk perusahaan ini di-ekspor, dan ke negara mana ?

A. _____, _____ %, ke negara : _____
(sebutkan produk)

B. _____, _____ %, ke negara : _____

C. _____, _____ %, ke negara : _____

D. _____, _____ %, ke negara : _____

E. _____, _____ %, ke negara : _____

Not applicable ☐

70. Harap disebutkan perkiraan kasar tentang market share dari produk akhir perusahaan ini di Jawa Timur dan di Indonesia.

Market share di Jawa Timur

Produk A : _____ %
(lihat no. 69)

Produk B : _____ %

Produk C : _____ %

Produk D : _____ %

Produk E : _____ %

Market share di Indonesia

Produk A : _____ %

Produk B : _____ %

Produk C : _____ %

Produk D : _____ %

Produk E : _____ %

71. Bagaimanakah produktivitas buruh Anda pada umumnya ?

- a. sangat memuaskan ☐
 b. memuaskan ☐
 c. tidak memuaskan (di bawah standar) ☐
 d. sangat tidak memuaskan ☐

Bila jawab Anda adalah c atau d, apakah yang telah dilakukan untuk mening -
 katkan produktivitas kerja buruh ?

72. Mohon disebutkan nilai dari Gross Output perusahaan ini pada tahun yg lalu.
 Untuk itu mohon diisi biaya-biaya yang telah dikeluarkan untuk pos-pos di -
 bawah ini untuk produksi tahun yang lalu !

Biaya tenaga kerja US\$ /Rp* _____
 Biaya raw materials US\$ /Rp* _____
 Biaya materials lain US\$ /Rp* _____
 Fuel, electricity, gas, etc. US\$ /Rp* _____
 Biaya2 lain US\$ /Rp* _____
 Total: US\$ /Rp _____

*) coret yang tidak perlu.

73. Pertanyaan khusus untuk perusahaan asing/joint venture (PMA)

Perusahaan ini adalah "subsidiary" ("cabang") dari perusahaan asing yang mem-
 punyai "perusahaan induk" di luar negeri. Dalam hal terjadi perselisihan per-
 buruhan, di manakah keputusan terakhir dibuat, dan oleh siapa? (Sebutkan fung-
 si/pangkat).

- a. di Head Quarter (perusahaan induk) ☐, oleh: _____
 b. di regional H.Q. (Kalau ada) ☐, oleh: _____
 c. di "subsidiary" sendiri ☐, oleh: _____

74. Pertanyaan khusus untuk perusahaan asing/joint venture (PMA)

Kedudukan tertinggi apakah yang dipegang oleh karyawan Indonesia pada saat
 ini di perusahaan ini ?

Kedudukan : _____ N.A. ☐

75. Pertanyaan untuk PMA dan PMDN/perusahaan domestik yg. mempunyai karyawan asing.

Seperti telah diketahui, Pemerintah Indonesia telah menggariskan supaya per-
 sahan-perusahaan mempunyai program Indonesianisasi karyawannya.

Apakah perusahaan ini sudah memiliki program tersebut ?

Sudah ☐ Belum ☐ Not applicable ☐

Kalau 'SUDAH', sebutkan secara singkat program tersebut !

Kalau 'BELUM', mengapa ?

76. Pertanyaan untuk PMA dan PMDN/perusahaan domestik yg. mempunyai karyawan asing.

Berapa jumlah karyawan asing yang bekerja pada perusahaan ini pada waktu perusahaan ini didirikan dan berapa jumlah mereka pada saat ini ?

a. pada saat perusahaan didirikan : _____ orang

b. pada saat sekarang : _____ orang

77. Pertanyaan untuk PMA dan PMDN/perusahaan domestik yg. mempunyai karyawan asing.

Kedudukan/jabatan tertentu apakah yang akan dipertahankan dalam tangan karyawan asing ?

a. _____

b. _____

c. _____

d. _____

Apakah alasan utama mempertahankan mereka ?

78. Isilah kolom-kolom di bawah ini dengan angka (0 s/d 10) menurut derajat kepentingan unsur-unsur Seleksi karyawan untuk tiap jenjang kedudukan, sesuai dengan kebijakan/pengalaman perusahaan ini dalam penerimaan karyawan di masa lalu.

	Pimp. Puncak	Pimp. Tengah	Karyw. Admin.	Superv/ Mandur	Buruh Biasa
<u>Ascriptive:</u>					
1. U m u r	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Status Pribadi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Kesehatan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Keterangan Polisi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Cognitive:</u>					
5. Pendidikan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Pengalaman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Latihan khusus	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Pengetahuan umum	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<u>Affective:</u>					
9. Kepemimpinan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Inisiatif	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Hubungan kemanusiaan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Kejujuran	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Bertanggung jawab	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Ketelitian	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15. Kebersihan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16. Ketekunan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
17. Tepat waktu	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
18. Taat pada perintah	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
19. Bersemangat	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
20. Dapat dipercaya	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
21. <u>Recommendation</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

KALAU ANDA MEMPUNYAI KOMENTAR/PANDANGAN LAIN YANG INGIN ANDA NYATAKAN,
SILAKAN MEMAKAI TEMPAT INI ATAU DITULIS DI LEMBAR LAIN.

BANYAK TERIMA KASIH KAMI HATURKAN ATAS BANTUAN ANDA !

(Hanya diisi oleh interviewer)

Tanggal wawancara : _____

Pewawancara : _____

Telah diperiksa ulang oleh : _____

P a r a p : _____

Surabaya, _____ 19 ____

APPENDIX B4

**QUESTIONNAIRE FOR RESEARCH
ON
HUMAN RESOURCE DEVELOPMENT**

ALL ANSWERS WILL BE TREATED CONFIDENTIALLY

Fakultas Ekonomi
Universitas Airlangga
Jl. Airlangga 4
Surabaya

Dept. of Business Studies
Edinburgh University
50 George Square
Edinburgh, U.K.

QUESTIONNAIRE FOR THE COMPANY
 =====

Please fill in the blanks and check (✓) the proper boxes !

Name of the Company : _____

Office address : _____

Factory address : _____

Company status : Foreign/joint venture ☐ (PMA)
 Domestic ☐ / (PMDN)

For P.M.A. : a. country of origin : _____
 b. headquarter in : _____
 c. regional H.Q. (if any): _____

Year of establishment : 19__

Product(s) : 1. _____ 3. _____
 2. _____ 4. _____

Total labour force : Male : _____ persons
 (employees included) Female : _____ persons

Capital investment : Foreign capital US \$ _____
 Domestic capital Rp _____

Working Capital (Last year's): Rp _____ ; US \$ _____

Please breakdown the Domestic capital into the percentages owned by the following investors :
 a. Government : _____ %
 b. Family : _____ %
 c. Public : _____ %

If this company belongs to a Group of Companies, please specify the approximate percentage of the investment in this company as compared to the total investment in the Group. Answer : _____ % N.A. ☐

A. GENERAL, WAGE/SALARY, FRINGE-BENEFITS

1. Number of employees/workers :

a. top management : _____ persons
 b. middle management : _____ persons
 c. administrative staff : _____ persons
 d. supervisor/foreman : _____ persons
 e. monthly permanent worker : _____ persons
 f. daily fixed worker : _____ persons
 g. daily casual worker : _____ persons

Total : _____ persons

2. Employees'/workers' level of education (highest certificate) :

- a. university : _____ persons
 b. sarjana muda/akademi (B.A./B.Sc.) : _____ persons
 c. senior high school (SLTA, SMA, etc.) : _____ persons
 d. vocational high school (STM, etc.) : _____ persons
 e. junior high school (SLTP) : _____ persons
 f. elementary school (SD) : _____ persons
 g. Other: _____ : _____ persons
- Total : _____ persons

3. Wage^{*)}/salary range for Indonesian employee/worker, payment in natura included (round up to thousand rupiahs).

	<u>Lowest :</u>		<u>Highest :</u>	
a. top management	Rp _____	/month.	Rp _____	/month.
b. middle management	Rp _____	/month.	Rp _____	/month.
c. administrative staff	Rp _____	/month.	Rp _____	/month.
d. supervisor/foreman	Rp _____	/month.	Rp _____	/month.
e. monthly permanent worker	Rp _____	/month.	Rp _____	/month.
f. daily fixed worker	Rp _____	/month.	Rp _____	/month.
g. daily casual worker	Rp _____	/month.	Rp _____	/month.

*) for daily worker, monthly wage is 25 times daily wage.

4. Wage/salary for foreign expatriate (if any) :

	<u>Lowest :</u>		<u>Highest :</u>	
a. top management	US \$ _____	/month.	US \$ _____	/month.
b. middle management	US \$ _____	/month.	US \$ _____	/month.
c. expert	US \$ _____	/month.	US \$ _____	/month.
Not applicable ()				

5. Which of the following fringe-benefits are provided by your company for each level of employees/workers ?

	Top Mgt.	Middle Mgt.	Adm. Staff	Super- visor/ Foreman	MPW	DFW	DCW
a. family allowance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. cost of living allowance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. transport allowance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. New Year allowance (THR)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. housing allowance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. birth allowance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. death allowance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. medical care allowance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. old age pension allowance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. social insurance allowance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k. functional allowance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l. Other: _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

MPW = Monthly Permanent Worker

DFW = Daily Fixed Worker

DCW = Daily Casual Worker

6. Concerning the medical care allowance (if any), is it for the employee/worker him/herself or does it include the allowance for husband/wife, children and other member of the family ?

	For him/ herself only	Also for husband/ wife	Also for children	Also for other member of the family
--	-----------------------------	------------------------------	----------------------	-------------------------------------------

- | | | | | |
|-----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| a. top management | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. middle management | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| c. administrative staff | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| d. supervisor/foreman | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| e. monthly permanent worker | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| f. daily fixed worker | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| g. daily casual worker | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

7. How much money did you spend for paying Fringe-benefits for last year ?

Rp _____

US \$ _____ (if any)

8. How much is the Fringe-benefits budget for this year ?

Rp _____

US \$ _____ (if any)

9. Do you give annual bonus ('gratification') to your employees/workers ?

Yes ☐ No ☐

10. If 'YES' to question no 9, please specify how much is the bonus for each level of employees/workers based on monthly wage/salary ?

	Nil	Equal to 1 month wage/sa- lary	Equal to 2 months wage/sa- lary	Equal to 3 months wage/sa- lary	Equal to more than 3 months wage/sa- lary
--	-----	-----------------------------------------	------------------------------------------	------------------------------------------	-------------------------------------------------------

- | | | | | | |
|-----------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| a. top management | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. middle management | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| c. administrative staff | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| d. supervisor/foreman | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| e. monthly permanent worker | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| f. daily fixed worker | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| g. daily casual worker | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

11. Do you give annual paid leave to your employees/workers ?

Yes ☐ No ☐

12. If 'YES' to question no. 11, please specify how much for each level of employees/workers, based on monthly wage/salary !

	N i l	Equal to 1 month wage/sa- lary	Equal to 2 months wage/sa- lary	Equal to 3 months wage/sa- lary	Equal to more than 3 months wage/sa - lary
a. top management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. middle management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. administrative staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. supervisor/foreman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. monthly permanent worker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. daily fixed worker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. daily casual worker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Not applicable <input type="checkbox"/>					

13. Which of the following physical facilities are provided by your company, and for whom ?

	Top Mgt	Middle Mgt.	Admin. Staff	Super- visor/ Foreman	Monthly Perm. Worker	Daily Fixed Worker	Daily Casual worker
a. housing/dormitory	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. barrack	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. common hall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. medical clinic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. transportation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. dining hall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. cafeteria/canteen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. free meal(s)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. l i b r a r y	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. m u s h o l a	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

14. Concerning the medical clinic, is it for the employee/worker him/herself or is it also for husband/wife, children and other member of family ?

	For him/ herself only	Also for husband/ wife	Also for children	Also for member of family
a. top management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. middle management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. administrative staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. supervisor/foreman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. monthly permanent worker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. daily fixed worker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. daily casual worker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Not applicable <input type="checkbox"/>				

19. Who makes the final decision to accept or reject the applicant of each level ?

Decision made by :

- a. top management _____
- b. middle management _____
- c. administrative staff _____
- d. supervisor/foreman _____
- e. monthly permanent worker _____
- f. daily fixed worker _____
- g. daily casual worker _____

20. a. On what fields/specific jobs do you find it difficult to recruit domestic employees/workers ?

- a. _____
- b. _____
- c. _____
- d. _____

b. Do you have any idea about what is the particular reason for it ?

- a. _____
- b. _____
- c. _____
- d. _____
- e. Don't know ☐

21. Have you ever suffered from "labour piracy" done by other companies ?

Yes ☐ No ☐

If 'NO', please proceed to question no. 25

22. If 'YES' to question no.21, what is the status of the "pirate" company?

- a. foreign company/PMA ☐, country of origin: _____
- b. domestic company ☐
- c. don't know ☐
- d. Not applicable ☐

23. Employees/workers in what specific skill/education are most frequently "pirated"?

- a. _____
- b. _____
- c. _____
- d. Not applicable ☐

24. What have you done to prevent further "labour piracy" ?

Not applicable ☐

C. LABOUR TURNOVER

25. How many employees/workers resigned or withdrew at their own will from your company during last year and this year ?
- a. Last year _____ persons
- b. This year _____ persons
26. So far as you know, what is the main reason(s) for their resignation ?
- a. _____
- b. _____
- c. _____
- d. Don't know ☐
27. Do you consider the resignation/withdrawal to be a serious problem ?
- Yes ☐ No ☐
28. How many employees/workers were dismissed by the company during last year and this year ?
- a. Last year _____ persons
- b. This year _____ persons
29. Could you specify what is the most frequent reason(s) for the dismissal ?
- a. _____
- b. _____
- c. _____
- d. _____
30. Do you consider the dismissal to be a serious problem ?
- Yes ☐ No ☐
31. How many new employees/workers were recruited during last year and this year ?
- a. Last year _____ persons
- b. This year _____ persons
32. What is the main reason for the new recruitment ?
- a. to replace the outgoing employees/workers ☐
- b. because of business expansion ☐
- c. Not applicable ☐

D. LABOUR ABSENTEEISM

33. How many employees/workers were absent and for how many days in total during last year and this year ?
- Last year :
- a. due to illness : _____ persons, for _____ working days in total.
- b. due to other reason : _____ persons, for _____ working days in total.
- This year :
- a. due to illness : _____ persons, for _____ working days in total.
- b. due to other reason : _____ persons, for _____ working days in total.

34. According to your experience/record, in which part of the time did the absenteeism occur most frequently ?
- a. at the beginning of the month/after the pay day ☐
 - b. at the end of the month/before the pay day ☐
 - c. before and or after the New Year or other important holidays ☐
 - d. occurred variably throughout the year ☐
35. So far as you know, what is the most likely reason for the absenteeism ?
- _____
- _____
36. What have you done to reduce the rate of absenteeism ?
- _____
- _____
37. Do you consider the rate of absenteeism is alarming ?
- Yes ☐ No ☐

E. TRAINING/EDUCATION

38. Does your company have training/education programmes for the employees/workers ?
- Yes ☐ No ☐
- If 'YES', please proceed to question no. 40 .
39. If 'NO' to question no.38, what is the main reason(s) for not having a training/education programme ?
- a. the company does not consider that for the time being it is necessary ☐
 - b. the company does not have enough funds ☐
 - c. Other: _____
 - d. Not applicable ☐
40. Please fill in the number of your employees/workers at each level who have had training/courses/education financed by your company at the following places during 1982.

Place of training	number of trainees	TM*	MM*	AS*	S/F*	MPW*	DFW*	DCW*
a. in-company training								
b. training away from job but within Company's Group								
c. Dept of Industry Training Centre								
d. Dept of Manpower Training Centre								
e. Airlangga Univ. Management Centre								
f. East Java Management Centre								
g. training/education abroad								
h. Other: _____								

i. Not applicable ☐

41. According to your evaluation, in which of the following training/education does your company benefit most as far as training/education is concerned? (You may choose the best three by writing consecutive number in the proper boxes).

- a. in-company training ☐
- b. training away from job but within Company's Group ☐
- c. training at Dept. of Industry Training Centre ☐
- d. training at Dept. of Manpower Training Centre ☐
- e. courses at Airlangga Management Centre ☐
- f. courses at East Java Management Centre ☐
- g. training/education abroad ☐
- h. Other: _____ ☐
- i. Not applicable ☐

42. How much money did your company spend for last year's training/education programmes ?

Rp _____
US \$ _____

Not applicable ☐

43. How much money is the budget for this year's training/education programmes?

Rp _____
US \$ _____

Not applicable ☐

44. What would the budget likely be for next year's training/education programmes ?

- a. higher ☐
- b. same ☐
- c. lower ☐
- d. Don't know ☐
- e. N.A. ☐

F. LABOUR UNION

45. Have the employees/workers in your company formed a local Labour Union Factory Unit (SBLP) or any other Union ?

Yes ☐

No ☐, why not? Specify: _____

If 'NO', please proceed to question no. 50

46. Who is the chairman of the Labour Union in this company ?

- a. an employee/worker elected by labour meeting ☐
- b. an employee/worker appointed by the management ☐
- c. an employee/worker appointed by FBSI* ☐
- d. an outsider appointed by the Government ☐
- e. Other: _____ ☐
- f. Not applicable ☐

*) FBSI = All Indonesia Labour Federation.

47. Does the company management exert any stipulation for the candidates of labour union chairman? Yes ☐ No ☐
48. How is the composition of the member of the Board of Labour Union in this company ?
- a. entirely consists of the representative of employees/workers ☐
 - b. consists of the personnel manager and the labour representative ☐
 - c. consists of some management personnels and labour representative ☐
 - d. consists of management personnels, appointed outsiders and labour representative ☐
 - e. Not applicable ☐
49. Are you satisfied with the composition of the Board of Labour Union in this company ? Yes ☐ No ☐

Why? _____

50. How is the wage/salary determined in most cases ?
- a. through Collective Labour Agreement (PKB) ☐
 - b. through bargaining on individual basis ☐
 - c. pre-determined by the management/employer ☐
 - d. Other: _____
51. What percentage of wage/salary increase did you give last year and this year to each level of your employees/workers ?
(Please fill "0" if there was no increase).

	<u>Last year</u>	<u>This year</u>
a. top management	____ %	____ %
b. middle management	____ %	____ %
c. administrative staff	____ %	____ %
d. supervisor/foreman	____ %	____ %
e. monthly permanent worker	____ %	____ %
f. daily fixed worker	____ %	____ %
g. daily casual worker	____ %	____ %

52. The increase of wage/salary of each level was a flate rate increase or based on performance appraisal? (Please check "N.A." if there was no increase).

	<u>Flat rate</u>	<u>Performance appraisal</u>	<u>N.A.</u>
a. top management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. middle management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. administrative staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. supervisor/foreman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. monthly permanent worker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. daily fixed worker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. daily casual worker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

53. How many times did serious labour disputes occur in your company during last year and this year ?
- Last year : _____ time(s)
This year : _____ time(s)
54. What was the most frequent cause(s) of the disputes ?
- a. problem of wage/salary ☐
 - b. problem of fringe-benefits ☐
 - c. problem of dismissal (PHK) ☐
 - d. problem of working condition ☐
 - e. Other: _____
 - f. Not applicable ☐
55. How many times did "labour strike" occur in your company during last year and this year ?
- Last year : _____ time(s)
This year : _____ time(s)
56. According to your evaluation, do you find the Pancasila Labour Relation (HPP) practices helpful in solving labour disputes ?
- Yes ☐ No ☐ Don't know ☐
- If 'YES' or 'NO', specify why ?
-
57. According to your evaluation, how effective is the role of the Committee for Labour Dispute Settlement (P4D) in helping to solve labour dispute fairly ?
- a. not effective ☐
 - b. slightly effective ☐
 - c. effective ☐
 - d. very effective ☐
 - e. don't know ☐
58. How many times did labour accidents occur in this company during last year and this year ?
- Last year : _____ time(s)
This year : _____ time(s)
- G. SHIFT WORK
59. Do you have more than one shift work in this company ?
- Yes ☐ No ☐
- If 'NO', please proceed to question no. 67
60. If 'YES', how many shifts a day?
- a. two shifts ☐
 - b. three shifts ☐
 - c. N.A. ☐
61. What system do you use to perform the shift work ? (incl. time schedule).
- _____
- _____

Not applicable ☐

62. What extra benefits do you give to the night shift workers ?
- a. no extra payment ☐
 - b. an extra wage: ____ % above the day shift wage
 - c. free meals ☐
 - d. Other : _____
 - e. Not applicable ☐
63. Do you have particular problem(s) in each shift? (incl. absenteeism).
- Shift I : No problem ☐
- Problem(s) : _____
- Shift II : No problem ☐
- Problem(s) : _____
- Shift III: No problem ☐
- Problem(s) : _____
- Not applicable ☐
64. What steps have you done to solve/overcome the problems ?
- _____
- Not applicable ☐
65. In general, night shifts create more problems than day shifts. What is the highest level of employee to be on duty at night shifts to represent the management if problems arise ?
- Specify : _____ ; N.A. ☐
66. Shift working needs physical and mental adjustment. How do you help workers adjust to shift working ?
- Specify : _____
- Not applicable ☐
- H. PRODUCTION
67. What approximate percentage of the raw materials used for your production are domestic products ?
- Answer : ____ %
- If your answer is "100%", please proceed to question no.69
68. What is the reason for not using the domestic raw materials entirely ?
- a. the supply in the domestic market is scarce ☐
 - b. the domestic product price is higher than the imported one ☐
 - c. the quality of domestic product does not meet our standard requirement ☐
 - d. Other: _____
 - e. Not applicable ☐

69. What percentage of your product(s) are exported, and to which countries ?

- A. _____, _____ %, to : _____
 (kind of product) (mention countries)
- B. _____, _____ %, to : _____
- C. _____, _____ %, to : _____
- D. _____, _____ %, to : _____
- E. _____, _____ %, to : _____

Not applicable ☐

70. Please give rough estimation about the market share of your products in East Java and in Indonesia.

Market share in East Java:

Product A : _____ %
 (see no.69)

Product B : _____ %

Product C : _____ %

Product D : _____ %

Product E : _____ %

Market share in Indonesia:

Product A : _____ %

Product B : _____ %

Product C : _____ %

Product D : _____ %

Product E : _____ %

71. How do you find the productivity of your workers in general ?

- a. very satisfactory ☐
- b. satisfactory ☐
- c. dissatisfactory (below standard) ☐
- d. very dissatisfactory ☐

If your answer is c or d, what have you done to upgrade the labour productivity ?

Specify: _____

72. We want to know the value of your gross output.

Please fill in your expenditures for the following items for last year's production !

	Cost of labour	US \$*/ Rp*	_____
	Cost of raw materials	US \$*/ Rp*	_____
)Cross out the unnece- sary one.	Cost of other materials (if any)	US \$/ Rp*	_____
	Fuel,electricity,gas,etc. . . .	US \$*/ Rp*	_____
	Other expenses	US \$*/ Rp*	_____

Total : US\$ / Rp _____
 =====

73. Only for foreign company/joint venture(PMA)

This company is an oversea "subsidiary" of a foreign company. In case of labour disputes, where is the final decision made, and by whom ?

- a. at the Head Quarter (parent company) ☐, by: _____
 (mention position/rank)
- b. at the regional Head Quarter(if any) ☐, by: _____
- c. at the "subsidiary" itself ☐, by: _____
- d. Not applicable ☐

74. Only for foreign company/joint venture(PMA)

What is the highest position in this company that is held by an Indonesian employee at present ?

Specify : _____ N.A. ☐

75. For foreign company/joint venture(PMA) and domestic company which employs foreign expatriates.

As it has been known, the Indonesian Government has made an appeal to companies which employs foreign expatriates to have a localization (Indonesianization) programme. Do you already have a programme for it ?

Yes ☐ No ☐ Not applicable ☐

If 'YES', please specify it in brief !

If 'NO', specify why ?

76. For foreign company/joint venture(PMA) and domestic company which employs foreign expatriates.

How many foreign expatriates did you employ when this company was first established and how many are they at present ?

a. when this company was first established: _____ persons

b. at this moment : _____ persons

77. For foreign company/joint venture(PMA) and domestic company which employs foreign expatriates.

Which of the important specific positions are likely to be maintained in the hands of foreign expatriates ?

a. _____

c. _____

b. _____

d. _____

What is the main reason ?

IF YOU HAVE ADDITIONAL COMMENTS, PLEASE WRITE IN THIS SPACE OR USE SEPARATE PAPERS.

THANK YOU VERY MUCH FOR YOUR COOPERATION !

=====

(For Office Use Only)

Date of interview : _____

Interviewer : _____

Checked by : _____

Signature : _____

Surabaya, _____ 19__

=====

APPENDIX C

THE CONCEPT OF PANCASILA LABOUR RELATIONS

A. INTRODUCTION

It is very difficult to characterize industrial relations in Indonesia. During the Dutch colonial times, industrial relations were usually a one-way affair, favouring the employer. During the era of the struggle for independence, employers, who for the major part consisted of expatriates, were seen as the "oppressor" in the struggle for freedom and were dealt likewise.

Then came a time when radical trade unions initiated "class struggle" in the industrial relations field. Added to all this was the importation of ideas from advanced industrial countries, where industrial relations had been developing for many years.

It was in view of all the above and in order to find an industrial relations philosophy suitable to the Indonesian people that a seminar was held in December 1974.

Since the Pancasila Industrial Relations will become the basis for future industrial relations, an elaboration of the concept as presented below, might be appropriate.

B. THE CONCEPT

The Pancasila Industrial Relations are based on five principles of the Pancasila and may be defined as:

- (a) industrial relations which are based upon the principle of divinity, namely industrial relations which acknowledge and avow that work is a pious service of man to his Creator and to his fellow men;
- (b) industrial relations which are based upon a just and civilized humanity and which do not consider the worker as a factor of production but as an individual with all his dignities and human values;
- (c) industrial relations which lead to the development of a united Indonesia, without discrimination between political and religious beliefs, race, sex, etc.;
- (d) industrial relations which are based upon the principle of consultation and deliberation in order to reach a consensus, and which exclude resort to coercion by any one of the parties;
- (e) industrial relations which encourage social justice and which ensure that the product of national effort, in particular in the field of economic development, shall be enjoyed harmoniously and equitably in the sense that each shall receive his due share in conformity with his function and performance; equally in the sense of nationally covering all provinces as well as vertically covering all communities of the society.

The Pancasila Industrial Relations are based upon a climate of all-pervading harmony, adjustment and balance between the parties involved in the whole production process, namely workers, employers, Government and the public in general.

The Pancasila Industrial Relations are based upon the "TRI DARMA", which creates between the workers, employers and the Government, a sense of co-ownership (rumongso handarbeni), a sense of co-responsibility (melu hangrukebi) and continuous introspection (mulat sariro hangroso wani). As regards more particularly workers and employers, they should be partners in the production process (which means that workers as well as employers should work together and assist each other in making their enterprises run more smoothly by improving welfare and raising production), partners in profits (which means that profits received by the company should be enjoyed together in proper and equitable shares) and partners in responsibility (which covers responsibility to God the Almighty, responsibility to the State and Nation, responsibility to the community, responsibility to the workers and their families and responsibility to the company where they work).

C. SOCIAL AND MENTAL ATTITUDES IMPLIED BY PANCASILA INDUSTRIAL RELATIONS

The Government shall assume the role of guide and mentor for the society in general and for the parties in the production process in particular.

The trade unions are not only spokesmen of the workers and their rights, but they have also the duty to lead the workers to participation in duties of national development.

The employers, apart from their recognized rights, such as their property rights (which in their use have a social function), their rights to develop their enterprises and to increase the profits which they derive from their efforts (although they must continue to pay attention to the interests of all parties in the society) should also make their constructive contribution to the welfare of the workers and to the development of good management practices within the over-all framework of national development.

In this way there will be, in the climate of the Pancasila Industrial Relations, no place anymore for a confrontative attitude or for oppression of the weak by the strong. Strikes and lockouts shall cease to have a place in the Pancasila Industrial Relations.

D. MEANS TO IMPLEMENT THE PANCASILA INDUSTRIAL RELATIONS

1. Bipartite and Tripartite Collaborations

Labour affairs do not only affect the workers but also the employers and the Government as the party representing public interest. Therefore harmonious relations amongst these three parties should be established.

The addition of representatives from the academic world has already become a reality, while the idea of including representatives of the consumers in tripartism still needs further study.

The recognition of the importance of the role of tripartism in the Pancasila Industrial Relations makes it obligatory to establish tripartism not only at national level but also in the regions, and whereas the government element in the regions is not a problem and the trade unions (FBSI) are also already organized in the provinces, the establishment of organizations to represent the employers in all regions still needs to receive due attention.

If the establishment of tripartism at the national level and in the regions is approved, it will be sufficient to have at the company level a bipartite set-up consisting of representatives of the workers and the management, except where local conditions require a tripartite machinery.

2. Collective Agreements

Collective agreements are a very important means to implement the Pancasila Industrial Relations in daily life. If the spirit of Pancasila Industrial Relations philosophy can be reflected in the contents of the agreements, the first stone for the foundations of the Pancasila Industrial Relations is already laid.

In order to promote the conclusion of collective agreements, employers' and workers' organizations should be supported and strengthened by the Government.

All collective agreements should have at least an introduction or a preamble, which reflects the philosophy of the Pancasila Industrial Relations and the essence of this philosophy should also be apparent in the article of the agreement.

The Pancasila Industrial Relations philosophy should not only be applied in private enterprises but also in state enterprises, and its implementation should be regulated in a government ordinance or other kind of legislative regulation.

There are several groups of workers which are still deprived of legal protection, like seasonal workers, casual workers, and permanent workers in small enterprises. To have the philosophy of Pancasila Industrial Relations cover all groups of workers, the State should be more active in promulgating regulations regarding the protection of the above-mentioned groups of workers. The employers' and workers' organizations should also support these efforts.

3. Industrial Courts

Even if tripartite collaboration can be satisfactorily developed and collective agreements are concluded everywhere, labour disputes will be difficult to avoid. Therefore the machinery for the settlement of labour disputes should be made more perfect and its authority enhanced and strengthened, from the viewpoint of its integrity as well as from the viewpoint of the ability of its personnel.

4. Legislation on Labour Affairs

The adoption of the Pancasila Industrial Relations philosophy entails the necessity of reforming the existing labour legislation to bring it in harmony with the said Pancasila Industrial Relations.

5. Workers' Education

The Pancasila Industrial Relations can only be satisfactorily practised if the parties involved can really understand the spirit of the said Pancasila Industrial Relations.

This education is not only necessary for the workers, but also for the employers and even for the government officials whose fields of competence are connected with labour problems.

Quoted from: R. Soetedjo, "Industrial Relations - Retrospect and Prospect", in I.L.O., Industrial Relations in Asia, Labour Management Series, no.52, 1976, pp.97-105.

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